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MEETING
STATE OF CALIFORNIA
INTEGRATED WASTE MANAGEMENT BOARD
SPECIAL WASTE COMMITTEE

JOE SERNA, JR., CALEPA BUILDING
1001 I STREET
2ND FLOOR
COASTAL HEARING ROOM
SACRAMENTO, CALIFORNIA

WEDNESDAY, JANUARY 11, 2006
10:00 A.M.

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LICENSE NUMBER 13061

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMITTEE MEMBERS

Ms. Rosario Marin, Chairperson

Ms. Rosalie Mul

Mr. Gary Petersen

STAFF

Mr. Mark Leary, Executive Director

Ms. Julie Nauman, Chief Deputy Director

Mr. Elliott Block, Acting Chief Counsel

Mr. Jim Lee, Deputy Director

Ms. Bonnie Cornwall, Supervisor, Grants & Certification
Section I

Mr. Mitch Delmage, Manager, Waste Tire Management

Mr. Nate Gauff

Mr. Calvin Young

Ms. Kristen Yee, Supervisor, Used Oil Recycling Analysis

Ms. Claudia Villacorta, Water Resources Control Engineer,
State Water Resources Control Board

ALSO PRESENT

Mr. John Cupps, San Luis Obispo Integrated Waste
Management Authority

Mr. Terry Leveille, Representative, Lakin Tire West

Ms. Stacey Miner, Rural Counties Environmental Services
Joint Powers Authority

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 PROCEEDINGS

2 CHAIRPERSON MARIN: Good morning, everybody.

3 Welcome to the special Committee of the Special Waste.

4 You know, we are really special. This is the special

5 Committee of the Special Waste of the special California

6 Integrated Waste Management Board. Happy New Year to all

7 of you. I am so excited. This is going to be a great

8 year, and to start off, at least from my perspective, we

9 are going to have a welcome Committee meeting. Welcome to

10 all of you. And without further ado -- this is your

11 second --

12 COMMITTEE MEMBER PETERSEN: Yes.

13 CHAIRPERSON MARIN: -- time around here, right?

14 At least second, if not third or fourth.

15 COMMITTEE MEMBER PETERSEN: How am I doing?

16 CHAIRPERSON MARIN: I think you are a keeper.

17 So with that, let's see. Ex partes?

18 Ms. Mulé?

19 COMMITTEE MEMBER MULÉ: I'm up to date, Madam

20 Chair.

21 CHAIRPERSON MARIN: Yes.

22 How about you, Mr. Petersen?

23 COMMITTEE MEMBER PETERSEN: Madam Chair, I'm up to

24 date too.

25 CHAIRPERSON MARIN: Great, and so am I.

1 We need to call the roll because we were expected
2 to have a guest, but she's not going to join us today, so
3 call the roll.

4 SECRETARY BAKULICH: Mulé?

5 COMMITTEE MEMBER MULÉ: Here.

6 SECRETARY BAKULICH: Petersen?

7 COMMITTEE MEMBER PETERSEN: Here.

8 SECRETARY BAKULICH: Marin?

9 CHAIRPERSON MARIN: Here.

10 Okay. Let's see. What else do I need to do?

11 Phones. I have always -- has anybody not been
12 here before? Is there anybody that this is their first
13 time? Okay. For your information, you need to turn off
14 your cell phone, staff. We don't like it when it rings.
15 Let's see. Cell phones.

16 And if you want to address the Committee, please
17 let us know in advance by presenting your item to
18 Ms. Jeannine Bakulich.

19 Welcome, welcome. We have a new staff -- a court
20 reporter? No? A court reporter. Welcome. And your name?

21 THE REPORTER: Kathy.

22 CHAIRPERSON MARIN: We are very happy to have you,
23 Kathy. Thank you. Okay. That's it.

24 Mr. Lee. For the serious stuff, now, we turn to
25 Mr. Lee.

1 DEPUTY DIRECTOR LEE: Thank you, Madam Chair.

2 Good morning, Committee members. My name is Jim Lee,
3 Deputy Director for the Special Waste Division.

4 Madam Chair, I only have one item on my Deputy
5 Director's Report for this morning. I just wanted to
6 again remind the Board that we received grant applications
7 for our Tire Derived Product Grant Program, which exceeded
8 the Five-Year Plan allocation. Therefore, in accordance
9 with the Board's criteria selection process, we are going
10 to have a random selection process which will occur either
11 at 2 o'clock this afternoon or immediately following the
12 Special Waste Committee meeting, if we hopefully adjourn
13 sooner than 2 o'clock. So again, of course everyone is
14 invited to that.

15 CHAIRPERSON MARIN: Okay.

16 DEPUTY DIRECTOR LEE: Madam Chair, that's the only
17 item I have on my Deputy Director's Report. I'm prepared
18 to move into the day's agenda with your approval.

19 CHAIRPERSON MARIN: Let's go through it.

20 DEPUTY DIRECTOR LEE: Thank you, Madam Chair.

21 CHAIRPERSON MARIN: Item Number 8.

22 DEPUTY DIRECTOR LEE: Committee Item B, Board Item
23 8. It's Consideration Of A Scope Of Work And Agreement
24 For Development Of A Waste Tire Flow Study In The
25 California-Mexico Border Region (Tire Recycling Management

1 Fund, FYs 2005/06 and 2006/07). The proposed scope of
2 work is the outgrowth of ongoing Board and staff
3 involvement over many years on border-related tire issues.
4 This involvement was reaffirmed and strengthened as part
5 of the revised Five-Year Plan process completed in May of
6 last year.

7 In addition, legislation passed last year Senate
8 Bill 772 authored by Senator Ducheny, also set forth
9 requirements including a border tire flow study to better
10 understand the scope of the waste tire flow issue as it
11 impacts California and Mexico. Board staff in
12 collaboration with staff from the State Water Resources
13 Control Board proposed to administer a contract with San
14 Diego State University to address this matter.

15 I will now ask the Board Contract Manager,
16 Mr. Darryl Petker, to make the next part of the staff
17 presentation and to introduce our State Water Resource
18 Control Board partners in this effort.

19 CHAIRPERSON MARIN: Thank you.

20 Darryl?

21 WASTE TIRE MANAGEMENT MANAGER DELMAGE: Actually,
22 Madam Chair --

23 CHAIRPERSON MARIN: Not Darryl.

24 WASTE TIRE MANAGEMENT MANAGER DELMAGE: I will be
25 making this part of the presentation. My name is Mitch

1 Delmage. I'm the manager of the tire program.

2 (Thereupon an overhead presentation was
3 presented as follows.)

4 WASTE TIRE MANAGEMENT MANAGER DELMAGE: As Jim
5 said, this is an outgrowth of the Five-Year Plan. We have
6 had interest in these borders issues for quite a while.

7 --o0o--

8 WASTE TIRE MANAGEMENT MANAGER DELMAGE: The
9 Five-Year Plan called for a Border Outreach Program. This
10 is part of the implementation of that. In addition, to
11 even add more weight to our desire to get into these
12 issues, Senate Bill 772 Ducheny has a list of things that
13 they've asked us to do, and I will talk more about that in
14 a moment.

15 The Five-Year Plan put aside \$75,000 a year for
16 the next two years to fund this border flow study
17 activity. We are going to partner with the State Water
18 Resources Control Board's Office of Border Affairs, and we
19 will enter into an agreement with San Diego State
20 University Foundation.

21 --o0o--

22 WASTE TIRE MANAGEMENT MANAGER DELMAGE: More on
23 Ducheny. It requires the Board under the existing
24 California Tire Recycling Act to coordinate with CalEPA
25 and others to include but not limited to training

1 programs; environmental training; developing waste tire
2 abatement plan with appropriate government entities of
3 California and Mexico; tracking of both the legal and
4 illegal waste and used tire flow across the border region;
5 coordination with businesses; business operations in the
6 border region and with Mexico to facilitate environmental
7 and control requirements.

8 There is also a caveat associated with this bill.
9 The plan may not propose financial or other support that
10 promotes or provides for research for the incineration of
11 tires.

12 --o0o--

13 WASTE TIRE MANAGEMENT MANAGER DELMAGE: The border
14 region, as we're defining it, extends to California and
15 three states in Mexico: The state of Baja California, the
16 state of Baja California Sur, and the state of Sonora.

17 --o0o--

18 WASTE TIRE MANAGEMENT MANAGER DELMAGE: Waste and
19 used tires are transported and stored along this border
20 region, as we all know. There appears to be a large
21 demand for waste and used tires from California to Mexico
22 that flow across this border.

23 The purpose of this study is to obtain information
24 on the number, size, history of the piles along the border
25 region. And, you know, it's all about needing to know the

1 extent of the issue. We all know there's a problem, but
2 there is not good data on it. This study will help fill
3 in that gap.

4 --o0o--

5 WASTE TIRE MANAGEMENT MANAGER DELMAGE: The next
6 slide is from Centinela in Mexicali, Baja California.
7 There were 2.2 million tires there. This gives you a
8 little bit of an indication of some of the issues that
9 Mexico is facing.

10 --o0o--

11 WASTE TIRE MANAGEMENT MANAGER DELMAGE: The major
12 issues to be addressed by this study is how many used and
13 waste tires are being transported and disposed of along
14 the border region; the need for a clear understanding of
15 environmental and economic impacts on both California and
16 Mexico as a result of these tires; and the need for a
17 clear methodology, data collection strategy, and
18 understanding of the facts to make recommendations and
19 suggestions.

20 With that, I would like to turn it over to Claudia
21 Villacorta.

22 WATER RESOURCES CONTROL ENGINEER VILLACORTA: Good
23 morning.

24 CHAIRPERSON MARIN: Good morning, Claudia.

25 WATER RESOURCES CONTROL ENGINEER VILLACORTA: Good

1 morning.

2 CHAIRPERSON MARIN: And welcome.

3 WATER RESOURCES CONTROL ENGINEER VILLACORTA:

4 Thank you. Good morning, Chairwoman and members of the
5 Special Waste Committee. My name is Claudia Villacorta.

6 I am a policy and technical advisor in the Office of
7 Border Affairs at the State Water Resources Control Board.

8 --o0o--

9 WATER RESOURCES CONTROL ENGINEER VILLACORTA: The
10 scope of work for the proposed study was developed not
11 only by Waste Board staff, but also by the Office of
12 Border Affairs staff in close cooperation and
13 collaboration with the Institute for Regional Studies of
14 the Californias at San Diego State University.

15 The scope of work can be categorized into five
16 distinct phases. The first phase involves the development
17 of a methodology to conduct a study. Data collection on
18 both sides of the border. Assessment and analysis of the
19 data this is gathered. Formulation of recommendations.
20 And finally, the reporting phase. What I would like to do
21 is briefly go over each one of these phases.

22 --o0o--

23 WATER RESOURCES CONTROL ENGINEER VILLACORTA: As
24 part of this study, the contract manager -- we work very
25 closely, as I mentioned previously, with both Border

1 Affairs Unit and San Diego State University to develop,
2 review, and approve the methodology which will be used to
3 conduct each of the tasks that will be conducted
4 throughout the course of the study.

During this phase, the goals for each task, costs, and a time line will be clearly identified and made part of the final agreement between the Waste Board and the contractor.

9 --o0o--

10 WATER RESOURCES CONTROL ENGINEER VILLACORTA: Once
11 the methodology has been approved by both the Waste Board
12 and the Office of Border Affairs, the contractor will
13 begin data collection and implement information gathering
14 efforts, and this will occur not only in California, but
15 also in Mexico.

Specifically, the contractor will obtain information which will allow them to estimate the number of waste tires and used tires that are being transported from California into Mexico since the year 2000.

20 In addition, the contractor will determine the
21 number of tires that have been sold for reuse and the
22 number of tires which have been properly disposed at
23 landfills and illegally disposed at dump sites along the
24 California-Mexico border region.

25 The contractor will identify significant tire

1 piles in the California-Mexico border and the
2 nonenvironmental health hazards associated with these tire
3 piles.

4 Additionally, the contractor will examine and
5 compare the systems that are being used for tracking the
6 sale, import and export of tires in both California and
7 Mexico and describe the waste tire management regulatory
8 framework that is being utilized on both sides of the
9 border.

10 --o0o--

11 WATER RESOURCES CONTROL ENGINEER VILLACORTA: One
12 of the major goals of the study is to assess both the
13 environmental and economic impacts of waste and used tire
14 flow from California into Mexico. In order to make this
15 determination, the contractor will assess several costs.
16 One of them will be the cost to extinguish the potential
17 tire fires that could occur and to remediate the impacts
18 that could result from this potential fire along the
19 California-Mexico border.

20 The contractor will assess the tire disposal costs
21 on both sides and also estimate the revenue generated from
22 the sale of used tires into Mexico.

23 In addition, the contractor will identify and
24 evaluate appropriate tire disposal alternatives aimed at
25 diverting disposal of tires at illegal dump sites and

1 reducing the number of tires disposed in landfills along
2 the California-Mexico border.

3 --o0o--

4 WATER RESOURCES CONTROL ENGINEER VILLACORTA: Once
5 the data gathering and assessment analyses are done, the
6 contractor will provide recommendations regarding the
7 appropriate tire disposal alternatives including
8 identifying potential markets for tire-derived products in
9 Mexico. And of course they will take into consideration
10 the restrictions under the SB 772 bill.

11 Finally, the contractor will make recommendations
12 regarding potential changes to the current California and
13 Baja California laws, policies, regulations, and procedures
14 associated with waste tire disposal and with the goal of
15 improving waste tire management in the California-Mexico
16 border region.

17 --o0o--

18 WATER RESOURCES CONTROL ENGINEER VILLACORTA:
19 Finally, as part of study the contractor will need to
20 follow strict reporting requirements, including the
21 submittal of interim reports at the completion of each
22 specific task. These interim reports will be reviewed and
23 approved by both Waste Board and Office of Border Affairs
24 staff. And additionally, the contractor will submit a
25 draft final and a final report at the end of the study.

1 And I will pass it now to Mitch.

2 --o0o--

3 WASTE TIRE MANAGEMENT MANAGER DELMAGE: All right.

4 So our recommendations on these options are approve the
5 scope of work and the San Diego State University
6 Foundation as the contractor and adopt Resolution Number
7 2006-08.

8 CHAIRPERSON MARIN: Thank you, Mitch. Thank you,
9 Jim, and thank you, Claudia. This is very, very thorough.

10 I have one person that would like to speak on this
11 issue and then we will go over questions amongst
12 ourselves.

13 Mr. Terry Leveille from Leveille & Associates.

14 MR. LEVEILLE: Madam -- is this on? Madam Chair
15 and Committee Members. Can you hear me okay?

16 CHAIRPERSON MARIN: I can hear you, but I don't
17 know if anyone else can hear you.

18 MR. LEVEILLE: I'm representing -- this is Terry
19 Leveille representing Lakin Tire West in Southern
20 California.

21 They are probably the largest purveyor of used
22 tires that make their way down into Mexico from the state
23 of California. Of course they don't move waste tires down
24 to Mexico and, in fact, I believe that there is a
25 prohibition at the border on accepting waste tires, but I

1 am certain that your study will, and the contractor and
2 the process, will look into that aspect of it too, but our
3 understanding is that the waste tires are certainly not
4 allowed.

5 Lakin wants to offer its assistance in any way
6 possible and, you know, as long as there is no delays in
7 having haulers move their material down into Mexico, their
8 used tires that they sell to consortiums down in Mexico
9 and then of course the consortiums sell them to
10 independent tire dealers down there, and it's a very big
11 market down there, as you probably well know it. And of
12 course as used tires, they don't last as long as new
13 tires, and hence we have a disposal problem.

14 In the past Lakin has tried to work with the Board
15 in developing a system whereby once tires are -- used
16 tires are brought down into Mexico, a backhaul of waste
17 tires could be brought back.

18 CHAIRPERSON MARIN: Good. I was just going to
19 say.

20 MR. LEVEILLE: That, and apparently -- and I
21 talked to Randy Roth from Lakin Tire this morning, that
22 apparently ended -- there was some complications with the
23 Board, and I don't know specifically -- this was about
24 five years ago there were some negotiations, and whether
25 it had to do with the reluctance of the Board wanting to

1 have to dispose more tires than landfills, I don't know.
2 But that's something probably staff could look into. And
3 that's something that Lakin would be more than willing to
4 work out some type of agreement of bringing them back, the
5 waste tires back, and then processing them further for
6 either recycling or possible disposal.

7 CHAIRPERSON MARIN: Yeah. You know, I think
8 that -- I'm so glad you spoke, Terry, and thank you for
9 representing Lakin and their position on this. I think it
10 raises very, very good questions for us, both from a
11 policy perspective and certainly from an economics
12 perspective.

13 I am sure and I am certain that people that will
14 be conducting this study will be talking to your client
15 because insofar as recommendations are concerned, that
16 might be something that they really can delve into to find
17 out what are the possibilities. You know, what has been
18 done, what could have been done, what should be done, more
19 importantly. So I appreciate you coming forward. I'm
20 sure we are going to talk to you anyway, talk to your
21 client, but I appreciate the offer, and I'm sure that we
22 will be talking to you.

23 Any questions for Terry?

24 MR. LEVEILLE: Thank you.

25 CHAIRPERSON MARIN: Thank you.

1 Questions from the Board?

2 WASTE TIRE MANAGEMENT MANAGER DELMAGE: Madam
3 Chair, if I might interject here.

4 I did forget to mention that we do have one typo
5 that has been identified late. We would like your
6 authorization to be able to make that correction before
7 the Board meeting. It's in the actual title. It says
8 fiscal years 2006/2006, and it should be 2005/2006.

9 CHAIRPERSON MARIN: Yes, that's good.

10 WASTE TIRE MANAGEMENT MANAGER DELMAGE: Okay.

11 CHAIRPERSON MARIN: I thought maybe you were going
12 to add another zero to the amount.

13 WASTE TIRE MANAGEMENT MANAGER DELMAGE: And then
14 the other thing, we did have a few things that were
15 identified during the process that are nonsubstantive
16 changes. Things like we mentioned in a lead-in paragraph,
17 economic impacts, and then we mentioned a couple of
18 environmental impacts below. We would like to make that
19 "environmental/economic."

20 CHAIRPERSON MARIN: Good. Good.

21 WASTE TIRE MANAGEMENT MANAGER DELMAGE: A few
22 small changes like this. An e-mail has been sent around
23 to all the Board members so they all know.

24 CHAIRPERSON MARIN: Yeah. We got it.

25 WASTE TIRE MANAGEMENT MANAGER DELMAGE: So I just

1 want to make sure this was part of this act.

2 CHAIRPERSON MARIN: Yeah. I really appreciate --
3 the background that you guys provided was very, very good.

4 I know that we have been dealing with this issue,
5 and I'm glad that we are finally getting to a point where
6 we can actually -- you know, this report, this study is
7 going to provide us with the knowledge that we need to
8 make sound policy.

9 COMMITTEE MEMBER MULÉ: Exactly.

10 CHAIRPERSON MARIN: All of this time has been a
11 guessing game. We think we had a problem. Some people
12 think we have a problem. It may not be as big as some
13 people may think. Well, you know, we don't know, and
14 unless we know, we cannot make good decisions. So I
15 appreciate that, and hopefully we will be moving forward.
16 I am actually wondering whether -- I know we are asking a
17 lot, and I wanted to know if there are any problems that
18 you face when you are trying to accumulate all of this
19 information that -- you know, let us know. I don't want
20 to wait until the end of the study to find out that we
21 needed more information or we couldn't get something. You
22 know, if you run into some problems as you are conducting
23 the study, I would like you to come back to the Board and
24 let us know that. Okay. Mr. -- ladies first.

25 COMMITTEE MEMBER MULÉ: Thank you, Madam Chair.

1 First of all, I want to thank our staff and the
2 State Water Resources Board staff for putting this item
3 together. You did a great job.

4 This is, in my mind, a very, very important study
5 that we are pursuing, and the question that I have -- I
6 think I'm going to be a little bit more direct, Madam
7 Chair. I'm just wondering if a \$150,000 is adequate to do
8 all the things that we say we were going to do in here.

9 So again, following Madam Chair's lead, I would
10 strongly recommend that if you do come up against some
11 shortage of funding, I want to make sure that when we do
12 this we do it right and we get all the information that we
13 need. So if we need additional funds to complete the
14 study, please let us know so that we can then adjust our
15 budget accordingly.

16 A couple questions that I have. One is are we
17 going to include in this study the efforts to date on the
18 part of USEPA and their efforts in cleaning up the tire
19 piles? That was one of my questions. Are we going to do
20 that?

21 And then also, as you indicated, Mitch, I just
22 wanted to make sure that we really place an emphasis on
23 the environmental impacts that --

24 CHAIRPERSON MARIN: That's what is driving this.

25 COMMITTEE MEMBER MULÉ: Right. I mean -- right.

1 Because again, in the item it says economic, but we really
2 want to look at the environmental impacts as well. I
3 think they're just as, if not more, important. And then
4 the other thing that I picked up, I guess on Page 3, task
5 2, I'm just wondering if we shouldn't include all the
6 potential uses or all the current uses of tires that are
7 currently occurring in Mexico, and not just the reuse and
8 disposal. And let's see. I think that's it for now.

9 But again, good job, and I really look forward to
10 this study. Thank you very much.

11 WATER RESOURCES CONTROL ENGINEER VILLACORTA: I
12 can answer some of these questions. The first question
13 regarding efforts taken today by USEPA, yes, that will be
14 summarized briefly in the report. We don't want to
15 re-invent the wheel, but I will recognize specifically
16 some of the tire pile clean-up efforts we have done at the
17 Centinela tire pile in Mexicali.

18 Regarding adding potential uses other than reuse,
19 that could also be expanded without any additional costs
20 to the overall budget.

21 COMMITTEE MEMBER MULÉ: Thank you. Thank you very
22 much.

23 CHAIRPERSON MARIN: Thank you, Ms. Mulé.
24 Mr. Petersen?

25 COMMITTEE MEMBER PETERSEN: Good morning. This is

1 a great project because we've had -- I've had some
2 experience in dealing with tires over the years with our
3 recycling programs.

4 Mitch, a couple questions.

5 Do we coordinate with the scope of work with the
6 Mexican government and local officials on the scope of
7 work? And was their input involved in this at all?

8 WATER RESOURCES CONTROL ENGINEER VILLACORTA: Yes.

9 COMMITTEE MEMBER PETERSEN: Great.

10 WATER RESOURCES CONTROL ENGINEER VILLACORTA: They
11 were consulted. The drafts paperwork was shared with
12 them, and they are very excited about this project. They
13 actually wanted to know whether we could do it sooner and
14 get it done faster.

15 COMMITTEE MEMBER PETERSEN: Great. And is EPA
16 helping to chip in some money here, if necessary? Are
17 they --

18 WATER RESOURCES CONTROL ENGINEER VILLACORTA: No,
19 they are not.

20 COMMITTEE MEMBER PETERSEN: -- involved at all?
21 Okay.

22 CHAIRPERSON MARIN: Just so you know, Gary, USEPA
23 has actually spent a lot of money in cleaning up the tire
24 piles.

25 COMMITTEE MEMBER PETERSEN: Okay.

1 CHAIRPERSON MARIN: So the question is how do we
2 prevent those tire piles from accumulating.

3 COMMITTEE MEMBER PETERSEN: Right. I got it.

4 The other question is our Board has done some
5 recent work on satellite imagery on tire piles here in
6 California. Is that something we can add to the scope of
7 work to help really hone in on the piles and where they
8 are? Use that technology we already got?

9 WASTE TIRE MANAGEMENT MANAGER DELMAGE: We will be
10 bringing an item to the Board. We had brought an item to
11 the Board a month or so ago highlighting the pilot project
12 we did with satellite imagery.

13 COMMITTEE MEMBER PETERSEN: Right.

14 WASTE TIRE MANAGEMENT MANAGER DELMAGE: We will be
15 bringing another item to the Board expanding that, and we
16 certainly can include -- nothing would have to be done in
17 Mexico. The pictures would be purchased here in
18 California. The analysis would be done here in
19 California. That information could easily be fed into
20 this report. So let us get this item together and bring
21 it to the Board.

22 COMMITTEE MEMBER PETERSEN: I agree with comments
23 just made about that if we have to add some money to get
24 that done, it would be really helpful.

25 WASTE TIRE MANAGEMENT MANAGER DELMAGE: It would

1 be a separate agreement for that anyway.

2 COMMITTEE MEMBER PETERSEN: Oh, it would?

3 WASTE TIRE MANAGEMENT MANAGER DELMAGE: Hmm-hmm.

4 COMMITTEE MEMBER PETERSEN: Okay. Thank you.

5 WASTE TIRE MANAGEMENT MANAGER DELMAGE: But it
6 would be supportive of that effort, and if I might add on
7 the environmental issue, as you know, I've been very
8 interested in the border issues for a long time, and what
9 precipitated that was about two or three years ago, as
10 part of the Environmental Management Response Team here at
11 the Board, there was a fire, a tire fire in Mexicali, and
12 Calexico had to send some of their fire fighting equipment
13 down there, so, you know, there may be a border, but the
14 problems --

15 COMMITTEE MEMBER PETERSEN: No, it's cross-border.
16 It's a region. It's an area. We got to fix that.

17 WASTE TIRE MANAGEMENT MANAGER DELMAGE: Yeah.

18 COMMITTEE MEMBER PETERSEN: Okay. Great. Thank
19 you.

20 CHAIRPERSON MARIN: Thank you. Thank you,
21 everybody. Thank you for this item.

22 Please call the --

23 COMMITTEE MEMBER MULÉ: Madam Chair, I would like
24 to move Resolution --

25 CHAIRPERSON MARIN: I'm ready to call the roll.

1 COMMITTEE MEMBER MULÉ: -- Number 2006-08.
2 CHAIRPERSON MARIN: Okay. Thank you for your
3 motion.
4 Is there a second, Mr. Petersen?
5 COMMITTEE MEMBER PETERSEN: I'll second.
6 CHAIRPERSON MARIN: Okay. Moved in second.
7 Call for roll, please.
8 SECRETARY BAKULICH: Mulé?
9 COMMITTEE MEMBER MULÉ: Aye.
10 SECRETARY BAKULICH: Petersen?
11 COMMITTEE MEMBER PETERSEN: Aye.
12 SECRETARY BAKULICH: Marin?
13 CHAIRPERSON MARIN: Aye. Okay. Resolution 2006-08
14 passes unanimously, and we will put this on fiscal
15 consent.
16 DEPUTY DIRECTOR LEE: Thank you, Madam Chair.
17 CHAIRPERSON MARIN: Okay. Next item we are
18 going -- we are going to skip a couple of them.
19 DEPUTY DIRECTOR LEE: Yes, if we could. Just for
20 the audience, I would like to move Items C and D to the
21 end of the agenda. That would allow some additional time
22 for one of my staff members to appear. He's taking care
23 of some other business, and if not we will deal with these
24 at the end of the agenda.
25 I would like to move to Item E.

1 CHAIRPERSON MARIN: Okay.

2 DEPUTY DIRECTOR LEE: Committee Item E, Board Item
3 11 is Consideration of the Applicant Eligibility And
4 Evaluation Process For The Tire-Derived Business
5 Assistance Program, FYs 2005/06 And 2006/07.

6 The item you have before you today is to implement
7 Board direction as received during the five-year tire
8 planning, review, and approval process and confirm the
9 385-million dollar funding allocation to support this
10 program.

11 This program is one of the more ambitious and
12 innovative efforts the Board staff have undertaken in an
13 effort to increase our waste tire diversion and recycling
14 rate. It is designed to be responsive to the request we
15 have heard from stakeholders regarding -- during the
16 Five-Year Plan revision process about the need for
17 business support services, such as marketing, planning,
18 and technical assistance help.

19 It is also designed to encourage the interest and
20 expand participation by the widest variety of waste tire
21 product producers and manufacturers. The proposal has
22 been vetted with the stakeholder community in an
23 unprecedented number of monthly interested parties
24 meetings and other forums to receive and consider input
25 and to reach the broadest consensus possible.

1 With that overview, I will now ask Calvin Young to
2 make the remainder of the staff presentation and to
3 provide the detail on the program features and
4 implementation.

5 CHAIRPERSON MARIN: Thank you, Mr. Lee.
6 Mr. Young.

7 MR. YOUNG: Good morning, Madam Chair, Board
8 Members Mulé and Petersen. My name is Calvin Young with
9 the Product -- what is it? Product Assistance --
10 Promotion and Assistance section here. We changed our
11 name a little bit ago. Bear with me.

12 Jim took a lot of the background stuff here, so I
13 can zip through a little bit here.

14 (Thereupon an overhead presentation was
15 presented as follows.)

16 MR. YOUNG: As part of our process though in the
17 Five-Year Plan, let's see, it's the Five-Year Plan that we
18 review every two years that we start the process every
19 year. So whether it's a one-year or five-year plan,
20 anyway. We --

21 CHAIRPERSON MARIN: I'm so glad you said it and
22 not me.

23 MR. YOUNG: Jim's very much correct. We took a
24 very much -- we took a different approach in that we were
25 very responsive to our stakeholders. They told us what

1 they wanted. We listened to our Board offices, they told
2 us what they wanted and what they didn't want. A lot of
3 folks were concerned that previously we spent a lot of
4 time and energy and monies on producing studies and
5 reports and less effort on actual diversion. We heard
6 you.

7 We have shifted things around, and this program
8 emphasizes and promotes diversion of tires. Rather than
9 focusing on a supply-push type of an approach, we shifted
10 to a demand-pull. We looked at tying things together, not
11 just a single program here and a single program here, but
12 the synergistic effect on how they work together, so we've
13 got not only helping companies to become stronger at doing
14 what they do best, which is producing products, but also
15 helped with providing an expanded purchasing program for
16 local governments for providing an expanded RAC purchase
17 putting-in program as well as now a marketing approach to
18 local jurisdictions. So everything has a synergistic
19 approach.

20 And we also heard that we needed to work on
21 expanding and identifying markets. This hopefully puts it
22 all together here, and yes, it has been a subject of a
23 great deal of collaboration and input from stakeholders,
24 internally and externally.

25 --o0o--

1 MR. YOUNG: The program replaces the
2 commercialization grants that we had awhile back. And it
3 seeks to basically improve the operational and cost
4 efficiencies by providing technical assistance to eligible
5 businesses. It also seeks to expand market demand for
6 products, not just take the pie and slice it into
7 different slices, but to actually grow the pie, to grow
8 the market demand by emphasizing the development of new
9 products from existing businesses and the production of an
10 existing product with recycled rubber.

11 It's a little different because it's a different
12 tack that we are taking. We're also looking at a
13 different delivery mechanism. Where in the past we would
14 just provide grants to businesses that would go out and
15 purchase equipment or what have you, we wanted to actually
16 build the capacity and the ability of the business itself.

17 All too often, you know, a businessperson will
18 work in his business or in their business rather than work
19 on their business. This provides an opportunity for the
20 business to receive the technical assistance that it needs
21 by highly qualified and trained experts in the area via a
22 contractor. We're going through that evaluation process
23 right now, and that will be the subject of an agenda item
24 next month.

25 Already, just as an aside, we have nearly 50

1 interested individuals and entities that have asked for
2 information on the contract, and we expect a very healthy
3 group of highly qualified bidders on the proposal.

4 We're looking at a total of \$3.85 million for the
5 program over a two-year period. We're looking at
6 combining, as was approved back in August with the scope
7 of work, approving the -- combining the monies from both
8 the Tire Business Assistance Program as well as the
9 testing and certification programs.

10 At one of the stakeholder meetings it came out
11 from both Board offices as well as stakeholders that in
12 addition to helping individual businesses, there is a
13 great need to help both industry-wide as well as
14 sector-specific activities, so this program and the
15 contract that we will have with the contractor will also
16 enable the Board to pursue those marketing activities or
17 those branding activities or testing of what have you that
18 would benefit more than just one company, that would
19 benefit entire sectors, so we would very much get much
20 more bang for the buck.

21 --o0o--

22 MR. YOUNG: In talking with our stakeholders, of
23 course everybody would like just a grant to buy whatever
24 they would want, but working back from that and dealing
25 with the realities that we as the State and having a

1 fiduciary responsibility to taxpayers, we worked
2 through that -- the assistance basically would fall into
3 five broad categories.

4 And those are general business assistance; helping
5 with development of business plans or refining those
6 plans; human resource issues, inventory management and
7 control; asset management; optimizing their financial
8 structure. Oftentimes a business will get started and
9 it's not exactly the right structure that they need. This
10 will help point that out. Website development or
11 modification.

12 They also needed technical assistance in their
13 production process. One of the things that in my travels
14 to several businesses, and I know many of you will share
15 this as well, it's not exactly a -- with very few
16 exceptions, it's not exactly a high-tech business, and
17 there's not a lot of real high productivity of the current
18 processing out there. There's often bottlenecks in the
19 production process. This technical assistance will help
20 the businesses identify those bottlenecks and the
21 solutions to those bottlenecks, so they can either
22 increase through input or reduce costs of operation, again
23 helping them to be more competitive.

24 Marketing assistance time and time again came out
25 as a strong area that business needed help in. Oftentimes

1 many of these businesses have a background in production,
2 not in marketing.

3 CHAIRPERSON MARIN: Yeah.

4 MR. YOUNG: This will help them provide that
5 assistance for them in developing marketing plans,
6 promotion, packaging, cooperative marketing, and so on and
7 so forth. We expect a lot from that.

8 Product testing and certification. One of the
9 focus areas of this program is for existing manufacturers
10 to bring new markets to the marketplace as well as those
11 companies that are currently producing products with a
12 virgin material to convert to using recycled rubber. All
13 that takes various testing and certification in order for
14 that to accomplish.

15 And also specifically-identified equipment. While
16 not a major emphasis of the program, there will be a need
17 for equipment in many cases either to reduce the
18 bottlenecks, or for those large, well-matured businesses
19 that are pretty well-heeled in their management approach.
20 Some of their needs may be more on that side.

21 COMMITTEE MEMBER MULÉ: Calvin, I noticed that
22 equipment is listed here on your PowerPoint presentation,
23 but it's not in the item. Are we going to add that to the
24 item?

25 MR. YOUNG: It isn't listed as one of the

1 assistance. I just did it here for more of a convenience
2 sake. So the actual assistance coming from the contractor
3 is really in those four areas.

4 COMMITTEE MEMBER MULÉ: Right.

5 MR. YOUNG: But the business is also eligible to
6 receive specifically-identified equipment.

7 COMMITTEE MEMBER MULÉ: Okay. I just wanted to
8 make sure that was cleared up. Okay. Thank you.

9 MR. YOUNG: Thank you very much.

10 CHAIRPERSON MARIN: Let me just say, I think
11 that's a very, very good point. It seems to me that the
12 way we are going to actually implement this process is
13 very, very different than the one that we used to do
14 before.

15 MR. YOUNG: Absolutely.

16 CHAIRPERSON MARIN: Where there is going to be a
17 lot more face-to-face intervention. We are going to be
18 visiting the sites as opposed to just whatever they were
19 telling us on paper, and I think that that is going to
20 provide us with the knowledge, the very specific knowledge
21 of what this business really needs to expand.

22 And I like further the notion of working with
23 businesses that are using virgin materials, and we will
24 provide an incentive to switch to use recycled materials.
25 To me, that really, looking at expanding, this will do

1 that, expanding the markets. So thanks.

2 MR. YOUNG: Exactly. And thank you for that
3 point. And, in fact, as part of our request for proposal
4 for a contractor, one of the questions that we asked the
5 contractor to respond to is what would you -- how would
6 you approach businesses that are currently using virgin
7 materials? What sort of assistance would be needed and
8 what would it cost? So we are going to be getting the
9 benefit from a variety of proposers on approaches to reach
10 out to these businesses.

11 COMMITTEE MEMBER PETERSEN: Well, Calvin, I was
12 just wondering, I'm on the sustainability side of what I
13 have done in the past. Is the U.S. Green Building Council
14 part of this scope? Were they going to go talk to them
15 about what the construction industry can do? Do you know?

16 MR. YOUNG: Not specifically, but as part of the
17 experience that we are expecting from the contractor, we
18 expect it will cover a variety of things, not only with
19 the Green Building side of things, but also chemical
20 engineers and others to help us broaden our scope.

21 COMMITTEE MEMBER PETERSEN: Right. It's a massive
22 market in our construction industry because, as we well
23 know, a lot of our recycled materials are going into the
24 construction industry. Okay. Thanks.

25 MR. YOUNG: Thank you very much.

1 --o0o--

2 MR. YOUNG: Eligibility and funding. We were
3 sensitive to concerns expressed before regarding
4 out-of-state companies coming to California. But I think
5 it's critical that they not be excluded, so what we've
6 done is added the -- of course where the program is open
7 to California companies, but we've also added the language
8 that it's open to companies that have an existing or
9 demonstrated commitment to an operational presence in
10 California. That doesn't mean a PO Box. That means that
11 they either have a production facility or that they have a
12 signed lease or a signed purchase agreement for a facility
13 in California. No more of this you give me money and I'll
14 come or, you know, PO Boxes or what have you.

15 We looked at the issue of subsidiaries and
16 affiliates because some of our businesses are vertically
17 integrated and some are looking at horizontal integration
18 as well, which is a good thing. So we also didn't want a
19 single, in essence, a single entity taking up too much of
20 the monies, so we put a provision in there that if they
21 are affiliated or subsidiaries they basically come to the
22 combined limit for whatever that category is. If they
23 fall under the larger existing companies, it would be a
24 total of 175 for whatever companies are affiliated or
25 subsidiaries.

1 In coming up with the business categories, we
2 spoke with various stakeholders both at the interested
3 parties meetings as well as individual conversations. And
4 that is what gave us the basis for what we came up in both
5 business categories as well as the threshold production
6 levels. And we did make some adjustments in those from
7 the earlier amounts based on feedback that we have gotten
8 from stakeholders.

9 I do have to make a minor edit to a footnote just
10 in the sake of clarification. On the table on Page 5
11 where it speaks of conversion to recycled rubber, it
12 should read, "Currently manufacturing a product with
13 virgin rubber or other material," rather than just saying
14 "with virgin material." That's a minor correction there.

15 We also took a different take in that previously
16 assistance was based on the business projection of how
17 many passenger tire equivalents they would divert. Where
18 actually with this program it's more like, you know, prove
19 it, show me. So we're asking for verification of the
20 actual passenger tire equivalents that were diverted in
21 the previous calendar year. And that's also going to
22 serve as one of our matrix measurements for the future of
23 the program's success.

24 Realizing that there is, you know, kind of almost
25 exceptions or needs to be something to every rule, there

1 is also a strong feeling that for those businesses that
2 received an Recycling Market Development Zone loan or a
3 product commercialization grant in the past three years,
4 but had not yet for one reason or another been able to
5 reach the thresholds in these categories, that they should
6 still be eligible for assistance.

7 So based on consensus with the stakeholders, they
8 would be eligible for a maximum of the \$50,000 assistance
9 based on an assessment from the contractor of the business
10 and the contract manager. So we've got a vested interest
11 in these companies, and it's worth a couple of bucks more
12 to try to bring them up on that.

13 We also wanted to make sure that there was an
14 appropriate allocation for the smaller businesses, those
15 that we characterize as a start-up, small business,
16 nonproduction, or a custom manufacturing setting. So
17 we're recommending a 30 percent maximum allocation for
18 businesses in those categories to make sure that they get
19 their appropriate due.

20 Also since we had -- are looking at businesses all
21 up and down the state and we are looking at growing and
22 improving the infrastructure for the whole business here
23 and looking at business need, we are not going for the
24 north/south split as is sometimes in some of the other
25 grant programs because we already have the 30 percent

1 allocation for the small business.

2 And while we went back and forth on whether there
3 should or shouldn't be a match, we ended up recommending
4 that there not be a match, because we are going through
5 the process with a very thorough evaluation of the
6 business and the buy-in and the input from the contractor
7 as well as staff.

8 --o0o--

9 MR. YOUNG: As far as the process goes, we are
10 looking at an application with information that previously
11 hasn't been the case in grant programs. It would have
12 been more consistent with like a Recycling Market
13 Development Zone application. We are looking for, you
14 know, to avoid any questions of is this a real business.
15 So we're getting financial statements. We're getting
16 marketing plans and business plans. The whole idea is to
17 build these companies, and in order to help build them, we
18 have to know where things are at.

19 Responding to comments and suggestions from
20 stakeholders and Board offices, Board staff, both Tire
21 Program as well as RMDZ staff will be performing some of
22 the initial assessment. We will be crunching the numbers.
23 We will be collecting the stuff. We will be going through
24 and doing some of the initial legwork with the businesses
25 in order to reduce the costs on the contract, so we could

1 have more monies available for actually providing
2 assistance to businesses.

3 Contractor of course is going to be given
4 appropriate information. They are going to do some
5 additional assessment on the businesses, visit them as
6 appropriate, and discuss things of course with management,
7 business management, and prepare the General Business
8 Needs Assessment which will serve as kind of a base
9 document for recommendations on funding levels.

10 The vast majority of the assistance in this
11 program, again, we anticipate being provided by the
12 contractor. The contractor will be authorized to perform
13 it after we go through and get Board approval on the
14 assistance amounts for the various individual businesses,
15 which we anticipate coming to the Board in May for that or
16 perhaps earlier. Cross fingers. We will see. Yeah, you
17 never know. The moon and stars can align.

18 Anyway, but we are also looking at reporting,
19 because I'm a firm believer in, you know, you just don't
20 set it out there. You inspect what you expect. So we are
21 also looking at getting monthly information from our
22 contractor as far as type of business assistance that's
23 been provided and anticipate to be provided in the next
24 month or so here. We are also looking at getting the key
25 information from the businesses to develop baseline

1 information to start off with as well as requirements on
2 the businesses to provide us key information in -- for
3 five subsequent years, so we can track number of tires
4 diverted, did sales actually go up, does this work, and do
5 we need to adjust, and how do we need to adjust.

6 And of course the information that we gain will be
7 released in a manner that will respect and maintain the
8 confidentiality of the business information.

9 --o0o--

10 MR. YOUNG: As far as other issues, if the program
11 is oversubscribed, cross fingers it will be, then after we
12 go through the assessment process, businesses will be
13 ranked in order of passenger tire equivalence diverted,
14 and a recommendation will be made for approval in
15 descending order with the provision of the 30 percent
16 allocation for the small businesses in there.

17 And again, we are looking at performance
18 evaluation of the program on a regular basis, and as we go
19 through the next integration of the Five-Year Plan, that
20 will be some of the -- we probably -- we may have some
21 initial information, but other than -- I doubt seriously
22 it will have really the effects of the program by that
23 point, but it will be the basis for adjustments and what
24 have you as we go on.

25 Confidentiality issues was a concern expressed by

1 stakeholders. We have worked with the legal office and in
2 fact we've worked with both -- we've worked with grants,
3 contracts, legal, admin, budgets, everybody and their
4 cousin just about on this program to make sure we are all
5 on the same page and that we're covering all issues that
6 we need to be covering.

7 But basically, in a nutshell, company information
8 will be maintained confidential consistent with the public
9 Records Act. Things will be divided into public and
10 nonpublic aspects of information, things like company name
11 or a sales brochure, things like that obviously, you know,
12 could be subject to disclosure. But things such as
13 financial information, marketing plans, customer lists,
14 those are obviously proprietary and not subject to
15 disclosure. We also have other confidentiality issues and
16 we will address that and provide some support for
17 businesses. And again, when we present information to the
18 Board it's just going to be as aggregated information, not
19 individual company information.

20 Kind of summing it up, it's been a lengthy and
21 involved collaborative process, but I think we have come a
22 long way here. We hopefully have it more fully baked, and
23 based on feedback we got from stakeholders, we believe we
24 have consensus for the key elements of the program.

25 Accordingly, we would request approval of Option

1 1, and I'm here if you have any more questions.

2 CHAIRPERSON MARIN: Thank you, Calvin. You have
3 done a very, very good job. Very thorough.

4 I want to congratulate both Mr. Leary and
5 Ms. Nauman because I believe this -- I congratulate them
6 because of the great work that your entire staff in
7 putting together this grant. You deserve that.

8 You know, I think we gave pretty clear guidance of
9 what we wanted to see, and amazingly, the stakeholders
10 were able to come back and deliver the consensus, if not
11 outright approval of this proposal, this effort, and in so
12 many ways, I am glad of how we came to have this program.
13 I love the accountability of it. I love the fact that in
14 expanding the markets we are looking at specifically
15 companies that could switch to recycled materials.

16 I know that there was a lot of thought. I know
17 that it probably was painful to many people, but I think
18 we should all be proud of the product and hopefully,
19 hopefully gets oversubscribed. Hopefully we will be able
20 to target people. You know, the fact that you are
21 actually going to go in and visit the businesses is just
22 amazing to me that we had not really done that for other
23 grants.

24 So overall, I believe that you deserve to be
25 commended and it's -- I don't know. I just -- I really

1 like this. And I hope that our businesses take advantage
2 of it and we move forward.

3 COMMITTEE MEMBER MULÉ: Madam Chair, this is quite
4 a change from the product commercialization grants, and
5 again I want to thank you, Calvin, and the entire staff
6 for all your work on this. I did have an opportunity to
7 at the very least listen in on some of the those
8 discusses, and they were painful and tedious, but again,
9 it sounds like everybody listened, everybody heard, and
10 this is the result of all that hard work. So again, I
11 just wanted to thank everybody for their work with this.

12 CHAIRPERSON MARIN: Any questions?

13 COMMITTEE MEMBER PETERSEN: Madam Chair, please.

14 First of all, the detail in what you are doing is
15 awesome. It's great.

16 A couple of questions. Are we going to be able
17 to, based on the previous item we just did with the Mexico
18 border area and all this market development stuff that we
19 are doing here, will we be able to translate cross
20 information over to while we are putting that study --
21 doing that study on the Mexico border is help -- what we
22 find out, what we share with Mexico, what we have done in
23 those markets and those things that are going on here that
24 might be helpful to them? Have you thought of that?

25 MR. YOUNG: Good question. A lot of the stuff we

1 are going to be doing will of course be in the public
2 domain, so there wouldn't be any problem with sharing a
3 lot of the things that go on. Part of what we are looking
4 at the contractor to also help us with is identifying
5 things that are being produced elsewhere that could be
6 produced in California or combining materials that haven't
7 been combined historically, in the past.

8 But as far as sharing information I expect the
9 contractor will not only draw on information that has
10 been -- studies that have been done elsewhere, but I would
11 expect that we would also share whatever information is
12 developed with others.

13 COMMITTEE MEMBER PETERSEN: Because the market
14 development I see going on in Mexico, which is starting
15 now with tires, would be great for them as well.

16 MR. YOUNG: Absolutely.

17 COMMITTEE MEMBER PETERSEN: The other thing I
18 wanted to ask is on the public information side, have we
19 talked to Jon's shop about when we get into this and we
20 start the business assistance and we deal with some of
21 these companies, are we going to help promote or --
22 especially across the street to the legislature what we
23 are doing here to solve problems in their districts, but
24 also to, not only the stakeholders, but to the general
25 public about this is what's going on, this is what your

1 tax dollars are being spent on, and these are the results
2 we are trying to do in the arena of tire recycling, so
3 they know what we are doing. And is that being
4 coordinated, or is that going to be part of what we are
5 going to do here?

6 WASTE TIRE MANAGEMENT MANAGER DELMAGE: If I might
7 add here, we have a strong commitment to work closely with
8 Mr. Myers's office on all these programs --

9 COMMITTEE MEMBER PETERSEN: Great.

10 WASTE TIRE MANAGEMENT MANAGER DELMAGE: -- because
11 we understand the mileage that Jon can get us --

12 COMMITTEE MEMBER PETERSEN: Big time. Big time.

13 WASTE TIRE MANAGEMENT MANAGER DELMAGE: -- from
14 the small and big successes we have along the way.

15 COMMITTEE MEMBER PETERSEN: Great. Fabulous.

16 Thank you.

17 MR. YOUNG: And as a piggyback on that, if I may.

18 COMMITTEE MEMBER PETERSEN: Sure.

19 MR. YOUNG: The fact that tomorrow's -- and here's
20 a little plug here. At tomorrow's Interested Parties
21 Meeting at 9:30, we will also have a representative from
22 Ogilvy doing our marketing program here, and the local
23 jurisdictions will be here for an interchange discussion
24 with our stakeholders, talking about what's going on with
25 the marketing program, the products getting marketed,

1 getting some feedback from our stakeholders, so yes, we
2 have some involvement with the public.

3 COMMITTEE MEMBER PETERSEN: Great. Thank you,
4 Calvin. Thank you very much. Great job.

5 MR. YOUNG: Thank you.

6 CHAIRPERSON MARIN: Okay. So does that mean I
7 have a motion?

8 COMMITTEE MEMBER MULÉ: I would like to move
9 Resolution 2006-11.

10 CHAIRPERSON MARIN: Okay.

11 COMMITTEE MEMBER PETERSEN: I will second that.

12 CHAIRPERSON MARIN: Second.

13 Call the roll, please.

14 SECRETARY BAKULICH: Mulé?

15 COMMITTEE MEMBER MULÉ: Aye.

16 SECRETARY BAKULICH: Petersen?

17 COMMITTEE MEMBER PETERSEN: Aye.

18 SECRETARY BAKULICH: Marin?

19 CHAIRPERSON MARIN: Aye.

20 And we will put this on the consent calendar.

21 DEPUTY DIRECTOR LEE: Thank you, Madam Chair.

22 CHAIRPERSON MARIN: Okay.

23 DEPUTY DIRECTOR LEE: Madam Chair, with your --

24 CHAIRPERSON MARIN: As you were saying.

25 DEPUTY DIRECTOR LEE: I have some breaking news.

1 I think that we are prepared to move ahead and discuss
2 Item D at this particular time.

3 CHAIRPERSON MARIN: Okay.

4 DEPUTY DIRECTOR LEE: The Consideration For The
5 Scope Of Work And Agreement For The Southern California
6 Rubberized Asphalt Concrete Technology Center (Tire
7 Recycling Management Fund, FY 2005/2006).

8 CHAIRPERSON MARIN: Okay.

9 DEPUTY DIRECTOR LEE: Madam Chair, as you are
10 aware, on this particular situation we had an existing
11 relationship with the Los Angeles County, specifically a
12 division of the Department of Public Works. That
13 arrangement terminated December 31st based on mutual
14 consent. The division that had been working down there
15 headed up by Mr. Reza Izadi and his staff had done a
16 notable job in this transition period as we moved to do
17 more outreach with the Ogilvy people.

18 However, I think in being responsive to the
19 third-party evaluation that was done of the tech centers
20 and the developments, again, within the program, staff is
21 again proposing, you know, to move in a slightly different
22 direction to scale back the proposal for the tech centers
23 and make them concentrate, or have them concentrate more
24 on strictly a technical outreach. And to that end, we
25 have secured some other participation from L.A. County

1 that Mr. Nate Gauff will discuss with you here in the
2 presentation remainder of this item.

3 CHAIRPERSON MARIN: Okay. Mr. Gauff.

4 MR. GAUFF: Good morning, Madam Chair and
5 Committee members. I'm Nate Gauff with the Special Waste
6 Division. The Southern California RAC Tech Center item,
7 as Jim has mentioned, is transitioning from the geotech
8 division to the construction division within the L.A.
9 County Department of Public Works.

10 Mr. Erik Updyke, who's with the construction
11 division, who is very well respected down in the Southern
12 California area -- I mean statewide, but especially down
13 in Southern California with his representation on the
14 Green Book Specifications Committee and his interface as
15 part of the County Department of Public Works with the
16 other cities in the county that they do work for -- he's
17 agreed to reparticipate, I guess is the way I would put
18 it. He was initially with the tech center for a number of
19 years and then transitioned out for a short period just
20 recently but certainly is coming back to provide service
21 to the Board through the technology center.

22 CHAIRPERSON MARIN: Good.

23 MR. GAUFF: So we are looking forward to that.
24 That contract is going to be for \$50,000.

25 So with that, let me ask if there is any

1 questions.

2 CHAIRPERSON MARIN: I have no questions. I think
3 that we do need to acknowledge the work of the RAC centers
4 and especially at the very end, the work of the new
5 manager for a while there, Mr. Reza Izadi and Ms. Jeanete
6 Babauta. You know, we thank them profusely for their work
7 and as we have decided that we will move into -- the
8 marketing portion of that contract is now going to be
9 accomplished by the Ogilvy contract. Clearly, their work
10 and expertise is no longer necessary. They have agreed to
11 do that, but we welcome -- re-welcome Erik back with his
12 expertise in the field to provide the technical
13 assistance.

14 I think that this is a really, really good step
15 forward, and we just need to thank the County for their
16 contribution, and now we move into this particular area
17 with Mr. Erik who was -- weren't you surprised? I mean,
18 weren't you amazed at his knowledge? It was amazing, so
19 I'm very, very happy that we are utilizing his services.
20 So I presume we got the letter?

21 MR. GAUFF: Well, actually we got a verbal at this
22 point from Mr. Tom Hoagland --

23 CHAIRPERSON MARIN: That's fine.

24 MR. GAUFF: -- who's a deputy director in the
25 Department of Public Works.

1 CHAIRPERSON MARIN: Perfect. Perfect. Okay.
2 Any questions regarding this? Ms. Mulé?
3 COMMITTEE MEMBER MULÉ: No, Madam Chair. I would
4 just like to move Resolution 2006-10.
5 CHAIRPERSON MARIN: 09. Is it 09 or 1-0?
6 MR. GAUFF: No, it's 1-0. It's Item 10.
7 CHAIRPERSON MARIN: 10. I'm sorry. It is. It
8 is. Okay.
9 COMMITTEE MEMBER PETERSEN: I will second the
10 zero.
11 CHAIRPERSON MARIN: The 1-0, the 10. Okay.
12 Call the roll, please.
13 SECRETARY BAKULICH: Mulé?
14 COMMITTEE MEMBER MULÉ: Aye.
15 SECRETARY BAKULICH: Petersen?
16 COMMITTEE MEMBER PETERSEN: Aye.
17 SECRETARY BAKULICH: Marin?
18 CHAIRPERSON MARIN: Aye.
19 And this will go in to fiscal consent.
20 DEPUTY DIRECTOR LEE: Thank you, Madam Chair.
21 CHAIRPERSON MARIN: Now 09.
22 DEPUTY DIRECTOR LEE: 09.
23 CHAIRPERSON MARIN: Don't confuse me, Mr. Lee.
24 DEPUTY DIRECTOR LEE: I apologize, Madam Chair.
25 Like I say, very fast-moving developments today.

1 CHAIRPERSON MARIN: Okay.

2 DEPUTY DIRECTOR LEE: Committee Item C, it's Board
3 Item 9. It's Consideration Of Award For The Targeted
4 Rubberized Asphalt Concrete Incentive Grant Program. As
5 you know, increasing the use of RAC, or rubberized asphalt
6 concrete, is one of the linchpins in the Board's efforts
7 to significantly increase the diversion and recycling of
8 waste tires. To this end, this proposed program is a
9 complement to the UO bill grant program and is designed to
10 provide additional incentive to encourage use of the
11 product by those local jurisdictions that have no
12 experience with it.

13 The item for you today is to implement Board
14 direction as received during the Five-Year Tire Plan
15 review and approval process and to confirm the
16 3.577 million funding allocation to support this program.
17 I would also like to take a moment to point out that in
18 addition to this grant award this month, staff had made
19 arrangements to solicit grant applications and propose to
20 the Board two additional grant awards for this program in
21 March and June of this year.

22 However, after reflection and internal discussion
23 and in the spirit of the grant streamlining and
24 simplification initiatives which the Board has asked us to
25 consider, staff would now like to propose more or less

1 continuous application and approval process for this grant
2 program. The final details --

3 CHAIRPERSON MARIN: I want my pompoms.

4 DEPUTY DIRECTOR LEE: The final details have yet
5 to be worked out with our administration division and our
6 legal office.

7 However, we now envision coming to the Board on a
8 monthly basis with applications which have been deemed
9 complete by staff. The completeness evaluation will
10 include staff discussions and consultations with
11 applicants to ensure they have proper knowledge and
12 training on appropriate RAC usage so that a successful
13 project can be ensured. If this proposed process meets
14 with the Board's approval, we are prepared to notify
15 stakeholders and initiate it immediately.

16 With that, I will now ask Nate Gauff to make the
17 remainder of the staff presentation.

18 CHAIRPERSON MARIN: Okay. Mr. Gauff.

19 MR. GAUFF: Good morning, once again. I just want
20 to point out since we have two rubberized asphalt grant
21 programs, the SB 1346 program -- which is now in its third
22 cycle or third year fiscal year of award -- that will be
23 becoming before the Board, I believe, in April. That is
24 for the ongoing users, the people that have a regular
25 program of using rubberized asphalt.

1 The targeted program was geared to the first-time
2 users or those jurisdictions that have, you know, a very
3 limited use of using rubberized asphalt, or if they have a
4 significant gap in the use of the material to once again
5 reintroduce them to the material and the new, you know,
6 updated technology in using the material.

7 We did put out a solicitation. We mailed NOFAs
8 to, I think, over 3900 local government officials. It was
9 a very short time turnaround for this first cycle only
10 because in the process of, you know, getting criteria and
11 getting NOFAs and things and then making this a quarterly
12 process, we had a very short turnaround for this first
13 cycle, and we anticipate that in the next, well, now
14 continuous cycles, that we will have a steadier stream of
15 applicants.

16 But in the first cycle we did get seven
17 applications in. They were evaluated. Five were deemed
18 eligible. However, we are looking for some additional
19 documentation to come in, resolutions and things like
20 that, which is just more of a timing issue. We did find
21 the application from Nevada City. So we've got that into
22 this proposed award.

23 We are going to work with the two jurisdictions
24 that did not -- who are not deemed eligible on this cycle
25 to hopefully get them in a future cycle, so we will take

1 care of that.

2 One additional note, I had been in conversation
3 after reviewing the applications -- we were in
4 conversation with the City of Ripon, and they did verbally
5 request additional funding to the tune of \$11,000 in
6 addition to the 114,000 proposed to make their total
7 application 125,000, mainly due to the fact that they had
8 neglected to include testing costs for their project
9 because they said they typically don't do it, and we are
10 typically requiring them to do it as part of this grant
11 program.

12 CHAIRPERSON MARIN: Yeah.

13 MR. GAUFF: So they did ask for an additional
14 \$11,000. I put that before the Committee to consider
15 whether to include that in the award.

16 Any questions?

17 CHAIRPERSON MARIN: No.

18 The answer is yes. We are requiring them that
19 they should do it.

20 I really hope that the jurisdictions -- if they
21 are not using their pompoms like I am, because there is
22 something wrong. This is something that is really going
23 to benefit the jurisdictions, and I like the fact that
24 once their application is fully completed that they will
25 be funded, and with the continuos appropriation, if you

1 will, or approval, rather, I believe that we are going to
2 get a higher quality of proposals than running around at
3 the last minute, trying to, you know, come together with a
4 proposal for the Board because of the deadline and the
5 fear that they may not be funded, that not everything is
6 complete. I think that this way they know -- they have a
7 time. You know, not all cities have their projects, their
8 Public Work projects according to our schedule, and so I
9 think that this -- I hope Yvonne somewhere is listening to
10 me and understands that this is something really good for
11 local governments, both cities and counties.

12 So I'm very happy. I'm really, really happy about
13 this. You guys are making my year, my New Year. Good
14 work. I know -- I know it's hard, but I like the end
15 product, and I really appreciate all the hard work.

16 With that, no questions?

17 Mr. --

18 MR. GAUFF: I would just like to clarify then just
19 for the record that the funding recommendations for the
20 grants would be City of Galt, 155,000; City of La Verne,
21 150,000; City of Nevada City, 150,000; City of
22 Placerville, 70,000; and then City of Ripon for 125,000,
23 for a total of 650,000.

24 COMMITTEE MEMBER MULÉ: Madam Chair, with that I
25 would like to --

1 CHAIRPERSON MARIN: Before you do that, I just
2 want to make sure -- I'm looking ahead as to the end of
3 the cycle when all of the money is allocated, and I just
4 want to make sure that, you know, because this is our
5 first foray into this business and these appropriations
6 and so forth, that each jurisdiction -- if this program
7 was to be oversubscribed, that thought is put into
8 ensuring that -- I mean, unless it is oversubscribed by
9 double, that we consider allocating so that everybody that
10 applies gets it.

11 And I just want to be kept abreast of how we are
12 doing that, so that in fact if it's just only one more
13 jurisdiction that needs to be funded, that we consider
14 that. Because what we have done is said, come. We have
15 opened the doors for you. We are calling everybody. And
16 if they all come and the last one comes in, I don't want
17 to shut the door on that one last jurisdiction, so let's
18 just be cognizant and find a way to do that.

19 Now go ahead.

20 COMMITTEE MEMBER MULÉ: Okay. Thank you, Madam
21 Chair.

22 With that I would like to move Resolution 2006-09,
23 revised, to include the additional \$11,000 to the City of
24 Ripon.

25 CHAIRPERSON MARIN: Thank you, Ms. Mulé.

1 COMMITTEE MEMBER PETERSEN: I will second that.
2 CHAIRPERSON MARIN: Moved and second.
3 So call the roll.
4 SECRETARY BAKULICH: Mulé?
5 COMMITTEE MEMBER MULÉ: Aye.
6 SECRETARY BAKULICH: Petersen?
7 COMMITTEE MEMBER PETERSEN: Aye.
8 SECRETARY BAKULICH: Marin?
9 CHAIRPERSON MARIN: Aye.
10 Thank you, and this will also go to fiscal
11 consent.
12 DEPUTY DIRECTOR LEE: Thank you, Madam Chair.
13 CHAIRPERSON MARIN: Thank you, Nate.
14 Thank you, Mr. Lee.
15 DEPUTY DIRECTOR LEE: Madam Chair, just one note.
16 Again, the discussion on Item F, the Waste Tire Manifest
17 System per our prior discussion will be moved over to the
18 full Board for hearing.
19 CHAIRPERSON MARIN: Again, I understand that we
20 have great news on that one.
21 DEPUTY DIRECTOR LEE: I believe that's the case,
22 Madam Chair.
23 CHAIRPERSON MARIN: You're going to get a star
24 today. You get a star.
25 DEPUTY DIRECTOR LEE: Thank you, Madam Chair.

1 CHAIRPERSON MARIN: Okay. All right. So that
2 leads us to Item 13, G.

3 (Thereupon an overhead presentation was
4 presented as follows.)

5 DEPUTY DIRECTOR LEE: Madam Chair, Committee Item
6 G, Board Item 13 is Consideration Of Proposed Allocation
7 And Concepts For Used Oil Recycling Fund Fiscal Year
8 2005/06 And Update On The Used Oil Recycling Program.
9 This item is to discuss with you our progress in carrying
10 out the provisions of our Board-Approved Used Oil
11 Implementation Plan. We will review for you the funding
12 allocations set forth and prescribed in statute and those
13 over which the Board can exercise more discretion.

14 --o0o--

15 DEPUTY DIRECTOR LEE: We will be requesting your
16 approval of proposed discretionary expenditures from the
17 Used Oil Fund for statewide education and outreach and for
18 a contract concept to further the Implementation Plan.

19 A detailed fund condition presentation was made at
20 the November Board meeting. Therefore, we will only touch
21 on the current fund condition projections and the
22 preliminary analysis that insufficient funds may be
23 unavailable next year to enable us to offer competitive
24 grants or to provide for discretionary expenditures for
25 statewide outreach or contract concepts in support of our

1 Used Oil Implementation Plan.

2 --o0o--

3 DEPUTY DIRECTOR LEE: This item has been revised
4 from the one presented at the December Special Waste
5 Committee meeting to make it more responsive to issues
6 raised at that forum.

7 Specifically, we have eliminated our contract
8 concept proposal for a marina oil collection and recycling
9 study. We have dropped our proposal for continued
10 advertising in DMV handbooks. We have trimmed expenses
11 for training and our annual conference and the other line
12 item outreach proposals.

13 Our goal is to increase available funds for use at
14 a new statewide outreach proposal administered by the
15 Office of Public Affairs, the details of which will be
16 presented to the Board at a later date. Alternatively,
17 the funds could be rolled over or used for other projects
18 at the Board's discretion.

19 As part of this agenda item, staff is also
20 recommending that the 2.4 million-dollar allocation in
21 2005/06 available funding for competitive grant programs
22 be carried over until next year.

23 For reasons that staff will elaborate on during
24 the remainder of the presentation, we do not feel this
25 proposal will unduly impact stakeholders, while providing

1 more options for the Board should worse-case funding
2 scenarios come to pass.

3 With that overview, I will now ask Kristen Yee to
4 make the remainder of the staff presentation.

5 CHAIRPERSON MARIN: Thank you, Ms. Yee.

6 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Good
7 morning, Madam Chair and Committee Members.

8 First I would like to begin my presentation with
9 an overview of some of the successes that we've had with
10 our Implementation Plan.

11 --o0o--

12 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Our
13 very first -- there are seven major strategies that we
14 have. And in addition to our day-to-day oversight, more
15 than 700 grants and contracts, our activities are pretty
16 key to these strategies.

17 Our strategy one is to maximize effectiveness of
18 used oil collection center infrastructure. And we had a
19 contract that was approved last year to identify some of
20 the barriers of our certified collection center, and that
21 will be completed this year in 2006. And that strategy is
22 to increase the number of certified collection centers
23 that we have throughout the state, and the contractor will
24 be developing a recruitment material and a how-to guide
25 and a toolkit for local jurisdictions to recruit new CCCs.

1 Another task that we've done under this strategy
2 is a response to some of your questions about curbside
3 collection. We have always said that convenience was the
4 best way to go, and we did a survey of our local
5 jurisdictions regarding curbside used oil recycling to
6 determine if there were any barriers. And although many
7 of the jurisdictions lacked information, a majority of
8 them did feel that it was not cost effective and also that
9 what they had in place, their existing programs, were
10 satisfactory. However, for those who have requested help
11 in the survey, staff will be providing technical
12 assistance to them.

13 Strategy number two focuses on source reduction
14 and pollution prevention. Through research and
15 development grant, we are working with Air Resources Board
16 as well as the California Stationary Fuel Cell
17 Collaborative on a hydrogen fuel cell vehicle project.
18 This leased fuel cell vehicle will be wrapped with a
19 message to encourage the general public to recycle -- to
20 promote the recycling of used oil and filters. It will
21 also be showcased at public regional events, and maybe
22 even next year -- I went to a tree lighting. It might
23 even be powered by stationary fuel cells purchased through
24 our grant.

25 And as you directed last year, another research

1 project was assessing the need to educate drivers while
2 extending the oil change, and it will be around 3,000
3 miles that we know many of the drivers change their oil
4 at. And we will test market various messages for
5 extending that oil change interval if it's found that the
6 drivers are changing their oils more frequently than
7 required by the manufacturer. So that is going on
8 currently.

9 --o0o--

10 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE:

11 Strategy number three relates to promoting the highest and
12 best use of used oil. Our primary project in this area
13 has been focused on the use of re-refined oil and by both
14 the quick lubes, when the public goes in to change their
15 oil, and with the fleet vehicles.

16 But what research has shown is that the customers
17 were pretty much unwilling to request re-refined oil at
18 the quick lube places because they had this perception
19 that the oil, re-refined, just wasn't clean enough and it
20 was dirty.

21 So consequently, our refocus with re-refined will
22 be with fleet vehicles, and that ties closely to our Green
23 Procurement Action Plan.

24 Strategy number four, enhancing the visibility of
25 the UOP. We've worked a great deal with Office of Public

1 Affairs to highlight some of our grantee projects, and
2 here are some of them.

3 --o0o--

4 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: This
5 one was at Huntington Park, and Chairperson Marin is
6 acknowledging the partnership that the City has with both
7 Kragen and Pep Boys in terms of collecting used oil and
8 filters.

9 --o0o--

10 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: The
11 next one is Board Member and used oil staff along with
12 ESJPA at a booth at the California Ag Day at the State
13 capitol.

14 --o0o--

15 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: This
16 is Chairperson Marin presenting an award to both Sierra
17 and Glenn County for their program excellence.

18 And I understand you visited some of the used oil
19 collection centers there.

20 CHAIRPERSON MARIN: I know. I'm everywhere.

21 --o0o--

22 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: This
23 is Chairperson Marin and Board Member Mulé at the ribbon
24 cutting of the HHW waste facility.

25 --o0o--

1 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: And
2 this is Chairperson Marin at Lake Perris with their
3 kick-off events for Western Riverside Council and their
4 marina program.

5 --o0o--

6 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: The
7 next one is Board Member Washington addressing our
8 grantees at our bimonthly used oil HHW information
9 exchanges, and I would invite each of you to participate
10 in these sessions, because they do rotate throughout the
11 state.

12 COMMITTEE MEMBER MULÉ: And if you could send us
13 an e-mail on those, because we don't always, you know,
14 know when those are, so if you could just kind of drop us
15 an e-mail and give us an advance notice.

16 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Sure.
17 The next upcoming one is January 18th in San Francisco.

18 COMMITTEE MEMBER MULÉ: See, yeah. If you could
19 just send us an e-mail, that would be great.

20 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Okay.
21 We will send it to you.

22 COMMITTEE MEMBER MULÉ: Thank you.

23 --o0o--

24 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: And
25 here is Board Member Peace, Mulé, and Washington

1 participating in our annual conference. And typically at
2 this conference we have over 200 attendees with about 15
3 to 20 vendors attending with three and a half days of
4 conference where grantees learn about what others are
5 doing and just sharing information. And here you see
6 Board members presenting awards to local jurisdictions for
7 outstanding programs.

8 And we hope that each of you will be able to
9 attend the conference this year. It will be at
10 Granlibakken on April 24th through the 28th.

11 --o0o--

12 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Our
13 fifth strategy focuses on continuous improvement. Per
14 your request, staff has been working really hard at
15 streamlining the grant process. And input from bimonthly
16 information exchanges and a survey with the grantees have
17 guided staff in simplifying the reporting application
18 forms in terms of how we collect information and just on
19 program performance. In that -- there will be an agenda
20 item coming forward in March explaining all that.

21 --o0o--

22 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Our
23 sixth strategy focuses on developing public and private
24 partnerships. Our staff has developed the re-refined
25 motor oil and paint section of the Environmental

1 Preferable Purchasing Manual. In collaboration with DGS
2 and other CalEPA Board and divisions, this chapter will be
3 a key deliverable in the Green Procurement Action Plan.

4 --o0o--

5 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Our
6 last strategy and probably the most important because it's
7 helped us redirect our program and to encourage our local
8 jurisdictions to evaluate themselves and to adopt
9 approaches that are successful from other grantees.

10 Staff has analyzed our block grant annual reports,
11 which has lead to our Block Grant Report Card for each
12 grantee, and what this measures is performance against
13 their peers. And using objective performance criteria,
14 each grantee's performance is summarized as a high, low,
15 or medium performer. And with this information, we can
16 quickly target grantees for additional technical
17 assistance or training. And details of this report card
18 was presented to the Board back in April.

19 Staff also compared the results of individual
20 grant evaluations to identify model programs that we have,
21 and these are featured through our training sessions and
22 also on our Web site. And through this information
23 exchange, grantees are able to incorporate them into their
24 projects, and we saw that as a result of the 2006 work
25 plan.

1 --o0o--

2 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Now I
3 would like to change gears and continue with the summary
4 of our oil fund. Its allocation is set forth and
5 prescribed in statute, and the implication of the
6 competitive program -- competitive grant program. And as
7 you recall, for those of you who were here, a detailed
8 presentation of the used oil fund condition was presented
9 by the November Board meeting in San Diego by the
10 Administrative Unit.

11 --o0o--

12 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Okay.
13 The CORE Act identifies a number of activities to support
14 programs based on the funding collected from our oil
15 manufacturers.

16 The first category provided here is a payment, and
17 you will see it listed, and this is in your Attachment 2
18 as well as Attachment 3.

19 There is five different categories of
20 expenditures. The first category provides a payment of
21 incentive claims to our Certified Collections Centers, and
22 it also includes DTSC reporting of their inspections of
23 haulers and recycling facilities. Our first category also
24 includes the Board's administrative costs and lastly a
25 million-dollar reserve.

1 The second category is a block grant to local
2 jurisdictions. Statute stipulates that at least
3 \$10 million has to be distributed to local jurisdictions,
4 and this pretty much accounts for about 41 percent of our
5 expenditures.

6 The third category comprises of the number of
7 general expenditures, and it's about 4 percent of our
8 total budget. Also some of the appropriations that's not
9 outlined in statute, it's appropriated through the Budget
10 Act. And you see it listed there.

11 The fourth category is our competitive grants, and
12 there are three grants outlined in statute which have been
13 offered in alternating years. This comprises about 10
14 percent of the total allocation.

15 Our fifth category is Statewide Education and
16 Outreach. And it's what we will be -- what I will be
17 presenting in detail today, and this is the category that
18 you have most discretion over. Statute also prescribes a
19 certain percentage to be carried over for the next year.

20 --o0o--

21 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Okay.
22 As Jim said earlier in his opening remarks, we have done
23 some preliminary analysis with Administration and Finance
24 Division, and they suggest that there may be insufficient
25 funds available next year for category four and five.

1 That's the competitive grants and the statewide education
2 and outreach.

3 But as a result, staff, we've decided to cut back
4 on some of the recommendations for statewide outreach and
5 is recommending only the basic program maintenance and
6 support. In addition, we are recommending that the
7 2.4 million potentially available for the opportunity
8 grant be postponed and rolled over to next year, and the
9 fact that we're postponing this grant, we have done so
10 with some of the other grants too like the RMD.

11 So based on staff's analysis, this should not
12 unduly impact the local jurisdiction, as Jim said earlier,
13 since the vast majority of the grantees have more than one
14 open block grant to draw funds from, and the grants are a
15 three-year term.

16 Currently only 13 percent are expending the fiscal
17 year 2005/2006 block grant, but what I want to make you
18 aware of is that by postponing this year's competitive
19 grant can play a role in contributing to the long-term
20 stability of the used oil program. But it doesn't ensure
21 that these funds in their entirety will be available next
22 year since the allocation is based on our revenue stream
23 and the statutory formula that you saw earlier.

24 In March the staff will be bringing forward before
25 you an agenda proposing changes to the block grant program

1 that will lead to greater cost efficiency.

2 --o0o--

3 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: And
4 having dealt with the competitive grant, which is category
5 four, now I want to go into category five which is the
6 statewide education and outreach. This slide is a
7 snapshot of Attachment 2 that you have in your complete
8 agenda package, and it provides an outline and overview of
9 how we propose to allocate the discretionary funds for
10 statewide education and outreach.

11 Jim had already summarized the key changes that we
12 made in response to the Board's input, and the
13 recommendations summarized here were developed in
14 consultation with Jon Myers from the Office of Public
15 Affairs.

16 This year we have \$809,000 to allocate in support
17 of our Implementation Plan. What we are proposing is
18 352,000 with 457,000 available for statewide outreach
19 that's going to be coordinated by Public Affairs, and that
20 contract concept and scope of work will be presented to
21 you at a later time.

22 Of the 352,000 that we are planning to allocate,
23 there are six different categories. This first one will
24 be for our annual used oil conference at \$90,000. And
25 this is the only event where we have all the stakeholders

1 gather together in one spot to exchange ideas. This was
2 once two separate conference with HHW as well as used oil,
3 and for efficiency, cost efficiency, we have combined the
4 two together.

5 And the second item is 55,000 for outreach. Since
6 the last Committee meeting, we spoke with Jon about our
7 different activities, and this does include the toolkit
8 for the CCC recruitment, our motivation stickers for
9 consistent message on oil recycling container that we
10 distribute to the public, as well as a rewrite of some of
11 our brochures on re-refined oil.

12 Our next one is 75,000 for the certified
13 collection center, and they require signage at all of
14 these -- it is required by law to have signage. And as I
15 said before, they are the backbone of our program, so we
16 are required to provide that. And we are currently
17 piloting signs with different messages, different colors
18 and language that would appeal to different communities.

19 The fourth one represents 15,000 for partnership
20 and sponsorship. And that includes a membership with PSI,
21 which is our Product Stewardship Institute, and we
22 participate in events sometimes where we or Public Affairs
23 feels that used oil should have a presence.

24 And I will get back to our research contract, but
25 the final proposal as we have here, as you can see, is the

1 27,000 for student assistance, and that supports students
2 in other units throughout the Board.

3 --o0o--

4 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Okay.
5 Our last allocation is a contract concept on a model
6 infrastructure guidance manual. This proposed research
7 contract is a result of local jurisdictions requesting for
8 this type of information. The contractor would develop a
9 model infrastructure guidance manual as well as designs
10 for used oil/HHW facilities to jumpstart their projects.

11 It will help locals make decisions by answering
12 such questions as what type of facilities are appropriate
13 for the community? What is the reasonable cost for it
14 such as structure? What has worked in their community?
15 And is there a plan that they can adapt in their
16 community?

17 And that pretty much concludes category five and
18 the allocation portion of my presentation.

19 --o0o--

20 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Now,
21 if there is no question, I will ask the Board approve the
22 proposed allocation and contract concept for fiscal year
23 2005/06 to postpone the competitive grant cycle and adopt
24 Resolution Number 2006-15.

25 And if you should approve the postponement of the

1 competitive grant cycle, then I will need to revise the
2 Resolution to reflect that.

3 CHAIRPERSON MARIN: Okay. Thank you, Kristen. I
4 appreciate -- and I know that there is a lot of pull and
5 tug as to where do we spend and how do we best spend this
6 money, so I appreciate the thoughtfulness.

7 I have just two comments. I know we have two
8 people that want to speak. Let me have them come and
9 speak and then I will have my comments. The first was
10 John Copis, Cupps, I'm sorry, from San Luis Obispo
11 Integrated Waste Management Association.

12 MR. CUPPS: For the record, my name is John Cupps,
13 and my client is --

14 CHAIRPERSON MARIN: You don't speak Spanish like
15 me, Mr. Copis.

16 MR. CUPPS: Pardon?

17 CHAIRPERSON MARIN: You don't speak Spanish like
18 me. I'm pronouncing it in Spanish.

19 MR. CUPPS: Juan Copis.

20 CHAIRPERSON MARIN: Juan Copis. Okay.

21 (Laughter.)

22 MR. CUPPS: For the record, my name is Juan Copis.
23 My client on this particular item is the San Luis Obispo
24 Integrated Waste Management Authority which is a regional
25 agency which has responsibilities not only for

1 coordinating AB 939 compliance efforts but also is
2 responsible for implementing household hazardous waste and
3 used oil collection programs.

4 We actually have a very aggressive used oil
5 collection program in our jurisdictions. We have curbside
6 collection available throughout all of the member
7 jurisdictions of the Authority. In addition to that, we
8 have aggressively recruited stores, particularly your auto
9 part stores to participate as certified collection
10 centers, and then we also provide used oil collection
11 opportunities at our household hazardous waste facilities.
12 And there are five of those that we actually operate.

13 So we believe we have -- our basic philosophy in
14 terms of not only these types of programs, but certainly
15 our AB 939 programs is the key to successful recycling is
16 to make it as easy to recycle as it is to dispose. And
17 again, the key to that is convenience, so we have
18 aggressively pursued sort of that three-prong approach
19 that I just described.

20 Unfortunately, those programs are not cheap. The
21 block grants that we get from this Board certainly help to
22 pay the cost of those programs, but they by no means cover
23 all of those costs. So we are -- and from time to time we
24 have been able to avail ourselves of the competitive
25 grants. Sometimes we've applied and been successful. On

1 other occasions we weren't successful on those competitive
2 grants, but those competitive grants have been an
3 important source of revenue to augment our efforts in
4 terms of program implementation.

5 So to say the least, we are very concerned at the
6 prospect that the competitive grants are going to be
7 either suspended or carried over, and, you know, it's kind
8 of ironic. As I was sitting in front of my computer
9 terminal, reading some of the background information for
10 this agenda item, I got an e-mail message, you know, was
11 alerted to an incoming e-mail. And that was a
12 notification from the Department of Toxic Substances that
13 they have made a decision not to extend the exemption for
14 universal waste disposal from a -- certain universal waste
15 were excepted from the disposal van.

16 What that means to local governments is that they
17 will now have to absorb the cost of handling those
18 additional materials at their household hazardous waste
19 facilities, so on the one hand we are faced with the
20 prospect of losing a potential source of revenue from you
21 folks at the very same time that the Department of Toxic
22 Substances Control is announcing that they are going to be
23 increasing our costs and increasing our costs in a very
24 substantial way.

25 So I guess I would just like to urge you to

1 rethink this issue of postponing the competitive grants.

2 I would like to specifically respond and say, okay,

3 there's only 13 percent of jurisdictions that are

4 currently using the current year block grant monies.

5 Well, we are one of those 13 percent. We spend our full

6 block grant in the year that it is awarded because of

7 course we do have a very ambitious program.

8 The other thing I guess I would like to talk about

9 too is, you know, the focus on recruiting the certified

10 centers. One of the most effective tools that we have

11 found in terms of our recruitment efforts is simply paying

12 the costs of the oil containers. Those costs --

13 containers to, you know -- in order for certified centers

14 to operate, obviously they have to have a container to

15 store the oil in. They are not particularly cheap. A

16 hundred-gallon container costs about a thousand dollars.

17 If you go to a larger container, we actually in our

18 efforts to reach out to the agricultural community, we

19 recruited a store that basically specializes in selling

20 bulk fuels and oils to the agricultural sector, and so

21 they get a lot of people coming in who are buying oil in

22 55-gallon drums. We provided that facility a 500-gallon

23 tank so that they could take back those 55 oil drums with

24 the used oil in it. That costs us \$4,000.

25 My point is, I guess, that you really need to

1 concentrate the available revenues and those, you know, to
2 real program implementation and hopefully do that with an
3 eye toward cost effectiveness. And I guess in closing I
4 would just really urge you to go back and think hard about
5 what the real priorities are and where these funds should
6 be expended.

7 Thank you.

8 COMMITTEE MEMBER PETERSEN: One moment.

9 Madam Chair?

10 CHAIRPERSON MARIN: Go ahead, Mr. Petersen.

11 COMMITTEE MEMBER PETERSEN: On your curbside
12 recycling program -- it's throughout the county, correct,
13 the county area?

14 MR. CUPPS: And I apologize. I haven't had an
15 opportunity to meet with you and kind of explain --

16 COMMITTEE MEMBER PETERSEN: I'm getting up to
17 speed here.

18 MR. CUPPS: -- who that client is. The Authority
19 is comprised of all of the incorporated jurisdictions
20 within the county as well as the county itself, so that
21 curbside program is offered in every incorporated
22 jurisdiction within San Luis Obispo County as well as
23 those areas, and most of the areas of the county of the
24 incorporated area of the county do have curbside programs.
25 It's not, believe me, it's not a cheap program.

1 COMMITTEE MEMBER PETERSEN: No, I understand that.

2 MR. CUPPS: Just in terms of some numbers -- and
3 talking to my client about this agenda item, I was picking
4 his brains, and what we have found that at our five
5 household hazardous waste collections facilities -- I
6 believe these numbers are from last year or perhaps even
7 two years ago -- we collected almost 19,000 gallons of oil
8 at those facilities. And the county has about
9 approximately 250,000 population, total.

10 COMMITTEE MEMBER PETERSEN: Okay. Go ahead.

11 MR. CUPPS: The other -- at our certified centers
12 we collected something like I believe the number was
13 119,000 gallons at the certified centers, and on the
14 curbside programs we got -- we had about 29,000 gallons
15 collected from those. So by far, the biggest amount of
16 oil, used oil collected was at the certified collection
17 centers.

18 But I think the important -- and I don't have
19 really hard numbers on that, but we estimate that more
20 than half of that 117,000 was simply sort of what I would
21 describe as the quick oil change places.

22 COMMITTEE MEMBER PETERSEN: Right. Right.

23 MR. CUPPS: These aren't people bringing in --
24 individuals bringing in their oil. It's just the Jiffy
25 Lubes and so on and so forth are certified centers and by

1 becoming so, of course, they just subsidize their cost.

2 COMMITTEE MEMBER PETERSEN: Correct. My point on
3 this thing is I heard Kristen earlier saying that there is
4 some jurisdictions say that curbside collection of oil is
5 not cost effective.

6 And I think back to my experience in doing what we
7 did on our curbside program and stuff, we used to collect
8 the waste oil in Santa Monica and other jurisdictions that
9 I had contracts for. Now, I knew what it cost to handle
10 that in the center and empty those containers and do that,
11 but my point being is that we want to raise the bar in
12 collecting waste oil.

13 So what you are telling me, your programs -- and
14 you have to have diversity of the programs for the
15 convenience sake for making this happen is where the bang
16 is. We got to get the materials collected out of the
17 waste stream and the way to do that is the convenience.

18 And you agree with me on that. Right? Do you?

19 MR. CUPPS: Do I?

20 COMMITTEE MEMBER PETERSEN: John. You agree with
21 me, don't you, that the convenience factor of having
22 curbside collection is an integral part of the program?

23 MR. CUPPS: Oh, absolutely.

24 COMMITTEE MEMBER PETERSEN: So, okay.

25 Can I just ask --

1 CHAIRPERSON MARIN: Sure, go ahead.

2 COMMITTEE MEMBER PETERSEN: -- Kristen to tell me
3 that there are some jurisdictions that are cost effective.

4 Thank you, John.

5 Like who?

6 DEPUTY DIRECTOR LEE: The survey we did was of 82
7 jurisdictions that currently have some sort of curbside
8 collection program right now. You know, from staff's
9 dealing, you know, those are the ones that were most
10 likely going to be receptive, you know, to our inquiries
11 about expanding or supplementing that program to, you
12 know, take oil.

13 Given that, the response we got back from them
14 indicated, again, as Kristen noted in another
15 presentation, was, you know, less than satisfactory from
16 many perspectives.

17 COMMITTEE MEMBER PETERSEN: Yeah.

18 DEPUTY DIRECTOR LEE: They said they were
19 satisfied with the existing certified center network for
20 doing it. They talked about the potential cost, you know,
21 of incorporating it. It just kind of points out again
22 that -- when we talked about doing continued outreach to
23 these people, just shows we have road to hoe with some of
24 the these groups.

25 COMMITTEE MEMBER PETERSEN: Yeah, really.

1 DEPUTY DIRECTOR LEE: Intuitively, you know, the
2 curbside program makes sense, but again, it's not a slam
3 dunk.

4 COMMITTEE MEMBER PETERSEN: No. I understand. I
5 know how difficult it is to do. I've done it. That's
6 very interesting.

7 GRANTS & CERTIFICATION SECTION I SUPERVISOR

8 CORNWALL: Gary, I just wanted to add one comment about
9 convenience and how the stakeholders are defining
10 convenience, and I think we have to be very careful there
11 because some, in responses to the survey, have said
12 convenience is being able to take my oil somewhere right
13 after I change my oil. So that would mean certified
14 center.

15 We're interpreting convenience to mean I just need
16 to leave my oil at home, but then you have to store it,
17 you have to call and make an appointment, you have to
18 remember it. So I think, you know, we need to be careful
19 there in how we define convenience. I certainly, you
20 know, agree with you that for -- and convenience is
21 probably defined in different ways by different people.

22 COMMITTEE MEMBER PETERSEN: Right.

23 GRANTS & CERTIFICATION SECTION I SUPERVISOR

24 CORNWALL: So we need to address all those different
25 aspects of what's convenient to whom.

1 COMMITTEE MEMBER PETERSEN: Well, I --

2 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: And
3 also curbside is defined differently among jurisdiction.
4 Curbside could be the once-a-week pickup that you do just
5 like with garbage, or it could be the door-to-door where
6 you have to make an appointment.

7 COMMITTEE MEMBER PETERSEN: Right. I understand.

8 My whole point of this -- I'm sorry, just one more
9 thing --

10 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: No
11 problem.

12 COMMITTEE MEMBER PETERSEN: -- is that in order to
13 get -- how much waste oil is out there and how much are we
14 collecting this way? Do we know?

15 GRANTS & CERTIFICATION SECTION I SUPERVISOR
16 CORNWALL: We have been collecting over 8 million gallons
17 a year and, you know --

18 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: 80.

19 GRANTS & CERTIFICATION SECTION I SUPERVISOR
20 CORNWALL: 80. I'm sorry, 80. Depending on how you look
21 at that, when we just take the DIY numbers of who the
22 DIYers are, it's conservatively -- it's over 60 percent.
23 And again, you can depending on your assumptions on how
24 much is burned off and all that, you know, that can
25 change.

1 COMMITTEE MEMBER PETERSEN: Right. Right. But
2 still we got a ways to go.

3 GRANTS & CERTIFICATION SECTION I SUPERVISOR

4 CORNWALL: Even at the most conservative estimate, you
5 have to say that the diversion rate for used oil is better
6 than it is for solid waste.

7 COMMITTEE MEMBER PETERSEN: I understand, but we
8 still have a ways to go on it.

9 GRANTS & CERTIFICATION SECTION I SUPERVISOR

10 CORNWALL: We do. Absolutely.

11 COMMITTEE MEMBER PETERSEN: Thank you. I'm sorry.

12 CHAIRPERSON MARIN: Thank you, Mr. Petersen.

13 Let us hear from Stacey Miner, and then we can
14 further ask the questions.

15 MS. MINER: Good morning.

16 CHAIRPERSON MARIN: Good morning.

17 MS. MINER: I'm Stacey Miner. I'm with the Rural
18 Counties Environmental Services Joint Powers Authority.

19 CHAIRPERSON MARIN: We got your letter. I want to
20 be sure.

21 Did you get her letter?

22 You too?

23 Good.

24 MS. MINER: I sent you an e-mail this morning on
25 our opposition to the postponement of the opportunity

1 grant for this fiscal year. The majority of our -- many
2 of our member counties received the minimum allocation of
3 10,000 a county or 5,000 a city. And this is not
4 sufficient to pay for the hauling cost and the collection
5 center support as well as the public education, outreach,
6 and program development for some of these counties.

7 We would like to start a filter exchange program
8 or a mobile granulation of used oil bottles, but we can't
9 do that in some of these counties because there's simply
10 not enough money to do that.

11 Historically, many of the counties in the ESJPA
12 have banded together and done a regional opportunity
13 grant. We have done it in UOG4 or UOG2,3,4,5, and 6. So
14 the infrastructure and the public education has all been
15 covered by opportunity grants, leaving these counties with
16 the minimum allocations to just pay for hauling and their
17 certified center support.

18 The last OG was put out in September 2003. It
19 will be -- it's two and a half years since an opportunity
20 for additional funding for these counties has been
21 available. If we wait another year, it's one more year
22 that these counties cannot expand their programs, and for
23 some of the counties it means that some of their outreach
24 that they are doing at their local events, county fairs,
25 and car shows will not happen because they need to save

1 their money to pay for the hauling costs. So the members
2 of ESJPA recommend and request that you not postpone the
3 competitive cycle for this year.

4 Thank you.

5 CHAIRPERSON MARIN: Thank you, Ms. Miner, for
6 coming, and we do appreciate your thoughtfulness in
7 representing all of the counties.

8 I think I visited most of them, and I certainly
9 appreciate the financial needs that they have for being
10 smaller counties.

11 The question before us, and I would like to figure
12 out -- I don't know that we have that. Of the 87 or the
13 83 jurisdictions -- I'm sorry, 83 percent --

14 GRANTS & CERTIFICATION SECTION I SUPERVISOR
15 CORNWALL: 87 percent.

16 CHAIRPERSON MARIN: Of the 87 percent, do we have
17 an estimation of how many of those would be members of the
18 ESJPA? Do you have some of those figures?

19 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE:
20 Bonnie has some of those figures.

21 CHAIRPERSON MARIN: Hi, Bonnie.

22 GRANTS & CERTIFICATION SECTION I SUPERVISOR
23 CORNWALL: Well, it's difficult to tell. For example,
24 Mariposa County is part of the ESJPA, so they don't appear
25 separately. The only jurisdiction by my reading of the

1 ESJPA map of member counties is Tuolumne County. That's
2 the only --

3 CHAIRPERSON MARIN: The only one that is using
4 that --

5 GRANTS & CERTIFICATION SECTION I SUPERVISOR
6 CORNWALL: Block grant 11 money. The current year's block
7 grant --

8 CHAIRPERSON MARIN: So everybody else has monies
9 allocated.

10 GRANTS & CERTIFICATION SECTION I SUPERVISOR
11 CORNWALL: That have applied for money --

12 CHAIRPERSON MARIN: That have not been -- that are
13 not being used or reimbursed, if you will. They have not.

14 GRANTS & CERTIFICATION SECTION I SUPERVISOR
15 CORNWALL: Yeah.

16 CHAIRPERSON MARIN: Okay.

17 MS. MINER: I would like to address that.

18 CHAIRPERSON MARIN: Good.

19 MS. MINER: One of the issues that September 2003
20 the ESJPA did not apply for the UOG7 grant, so our
21 counties have not been spending as rapidly as they may
22 have spent because they don't know when the next
23 opportunity grant is coming, so they are well within their
24 three-year limit of spending.

25 CHAIRPERSON MARIN: But this is a block grant.

1 COMMITTEE MEMBER MULÉ: But they are getting their
2 block grant every year.

3 MS. MINER: They are getting their block grant,
4 but for, like, Mariposa it's \$10,000 a year.

5 COMMITTEE MEMBER MULÉ: But according to our staff
6 they haven't spent their block grant money.

7 MS. MINER: They are -- most are done with 9 and
8 we're into 10 for the group that --

9 COMMITTEE MEMBER MULÉ: And 10 is from what year
10 to what year? I mean, please, you know --

11 GRANTS & CERTIFICATION SECTION I SUPERVISOR

12 CORNWALL: Last year. Not the current grant.

13 COMMITTEE MEMBER MULÉ: Right.

14 GRANTS & CERTIFICATION SECTION I SUPERVISOR

15 CORNWALL: 11 is the current grant that was awarded in
16 July.

17 COMMITTEE MEMBER MULÉ: So you have monies from
18 last year and this year that you need to spend?

19 MS. MINER: Yes. Yeah.

20 CHAIRPERSON MARIN: That's an important issue,
21 Ms. Miner. If the numbers were different, if there was 10
22 jurisdictions out of the 20 or however many you have, or
23 maybe more, that were completely depleted, that they had
24 spent all of their block grants and the only source that
25 they could be really looking for would be the OG money,

1 then that would be a different policy question for us.
2 But there is money that they have that they could be
3 spending that is separate from the OG grants, but it's
4 all, you know -- and also the question is or the issue is
5 that there was no guarantee that even if you applied for a
6 grant, because it is a competitive grant, that you would
7 get it.

8 So to me, the fact that you have -- your
9 jurisdictions have not spent the money tells me that even
10 if they were to do it over this year, there is still
11 opportunity for next year's OG grant.

12 MS. MINER: But the way that I'm hearing this
13 agenda item is that there more than likely will not be
14 funding next year.

15 CHAIRPERSON MARIN: Well, that's a bigger issue.

16 MS. MINER: Then you're going to push for a
17 nonprofit grant who should come out next year.

18 CHAIRPERSON MARIN: Right. But let me address
19 that because I think we need to be very clear that insofar
20 as the allocation, the priorities, the OG was the cherry
21 on top. Okay? If there was money left over, then we had
22 the opportunity to go and do this opportunity grants. It
23 is not per se a mandate to do that, and therefore there is
24 no guaranteed funding for this.

25 As we have seen from the -- I don't know whether

1 you are familiar with it, but if you see how we have been
2 spending this money, actually the allocation is going to
3 get smaller. And if we continue the trend, there will not
4 be money for the opportunity grants unless legislation is
5 changed and we are given a different set of mandates, but
6 the money, the way that we are allocating it, according to
7 the priorities in legislation, the opportunity grants were
8 just the cherry on top.

9 If anybody, if any jurisdiction was completely and
10 totally counting on this, I have really bad news, because
11 the way we are going, there is not going to be that
12 source. There will be sources for other things. I mean,
13 yeah, it may not be oil, but they are getting money on,
14 you know, RAC. They are getting a lot of money on RAC.
15 You see what I'm saying? It's six of one and a half dozen
16 of the other. There are priorities. And most
17 regrettably, this one in particular is not set in stone in
18 legislation, so we have to spend our money according to
19 our mandate.

20 Should there be money, you know, next year, more
21 than the 2.4 if we roll it over, there may be more. There
22 may be less. There may be zero. I don't know. But I
23 think that it will be very prudent for jurisdictions not
24 to be counting on an opportunity grant, because that's
25 exactly what it was. It was a maybe.

1 MS. MINER: Right. And for program expansion in
2 some of the these counties, it won't happen unless there
3 is additional funding, so that's the thing. It's a rock
4 and a hard place.

5 CHAIRPERSON MARIN: It is.

6 MS. MINER: The used oil program wants to expand
7 and do more programs and bring in oil bottles and oil
8 filters, but to do that, if these counties are getting
9 their minimum allocation, they can't put forth that money
10 and then not have enough money to pay for their hauling
11 costs in the latter part of the fiscal year before their
12 money runs out.

13 So these counties are spending their money on
14 hauling costs. They are just not doing anything more than
15 that for fear that they will run out of money. So
16 that's -- they are spending their money. They are just
17 spending it very conservatively.

18 CHAIRPERSON MARIN: Yeah. Believe me, I
19 appreciate it. I come from a city that didn't have a lot
20 of money. And, you know, you make very hard choices.

21 And like I said, it's difficult for us to try to
22 make a case when we know that out of all of the
23 jurisdictions, only one has truly spent all its money.
24 It's hard to --

25 MS. MINER: Well, two. Mariposa and Tuolumne that

1 are in 11 cycle right now.

2 CHAIRPERSON MARIN: Okay.

3 MS. MINER: But I mean that's -- we could go back
4 and see who's where and see what they are closing down,
5 but basically they are all conserving for fear that there
6 won't be additional funding.

7 CHAIRPERSON MARIN: Well, there will be their
8 block grant money because this is a mandated -- that's
9 mandated in legislation. So that allocation will be
10 forthcoming.

11 What they cannot issue and -- I hate to be the
12 bearer of bad news, but I don't see and I would expect
13 that the jurisdictions are not counting in their budgets
14 an allocation from a maybe potential source of opportunity
15 grants.

16 MS. MINER: No, we don't. We just look at our
17 three- to five-year plan of building programs for these
18 counties that will come if there is additional funding.

19 CHAIRPERSON MARIN: Yeah. Well, let me reassure
20 you though of one thing. I believe that there will be an
21 opportunity grant. I don't know how much there will be.
22 I just know that that money will be diminishing, and over
23 the next few years the likelihood of that is not going to
24 be there.

25 MS. MINER: I just thought this might be the last

1 year. So if you postpone it this year, it may never come
2 again.

3 CHAIRPERSON MARIN: I don't believe this is the
4 case. I don't believe that there will be zero next year,
5 but I don't believe that this is not going to come back.
6 Okay.

7 MS. MINER: Well, thank you.

8 CHAIRPERSON MARIN: Thank you for your advocacy
9 efforts on behalf -- and I wish there would be a different
10 response, you know. I wish we had twice as much money to
11 do twice as much, but we don't.

12 So I wanted to talk about two things. One on the
13 behavior -- I remember the gentleman that came in and had
14 done this on the 3,000 versus 5,000. Should the response
15 come that, in fact, more people are doing the 3,000 versus
16 the 5,000, is he going to then develop a or are we going
17 to develop the message and is then Public Affairs going to
18 do that?

19 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Yes,
20 yes, we will work with Public Affairs to do the joints.

21 CHAIRPERSON MARIN: To do the statewide campaign?

22 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE:
23 Exactly.

24 CHAIRPERSON MARIN: Okay. All right. Good.
25 That's number one. Good.

1 Number two. Oh, no. I answered the question for
2 how many were directly with the ESJPA, so my question is
3 answered.

4 Mr. Petersen?

5 COMMITTEE MEMBER PETERSEN: I'm fine, Madam Chair.

6 CHAIRPERSON MARIN: Okay.

7 Ms. Mulé?

8 COMMITTEE MEMBER MULÉ: Madam Chair, I have a few
9 things. Thank you for indulging me.

10 First of all let's go first to this item of the
11 opportunity grant. I have a question for staff. Is it
12 possible at all -- and this is just an idea I'm going to
13 throw out there. Is it possible at all to do a limited
14 opportunity grant process and that would be available only
15 to those jurisdictions that have already spent their block
16 grant and, you know, they are up to date in terms of all
17 their expenditures? I don't know. Is that possible? Is
18 that something that we can consider?

19 DEPUTY DIRECTOR LEE: Ms. Mulé, it's certainly
20 possible. Anything that's within the Board's discretion.
21 I think at this particular juncture, staff wouldn't
22 recommend it. You know, I think for the reasons we
23 outlined in the item, we feel, you know, most -- there
24 should not be any undue impact on the stakeholders, in
25 deference to, you know, the San Luis Obispo people who

1 have been among our very best grantees. But in looking at
2 the potential funding scenarios that could be emerging
3 next year, staff feels that, you know, reserving that
4 large amount of money rolling over, it makes more sense,
5 but again, like I say, certainly a limited grant program
6 like the one that you are discussing could be, but it
7 would not be something that we would recommend.

8 COMMITTEE MEMBER MULÉ: Okay. Well, and again,
9 I'm saying if there are jurisdictions out there who have
10 spent all their money, you know, I mean they are going to
11 good job, and I don't know that we should penalize them,
12 so if we took that 13 percent and took 13 percent of the
13 opportunity grant money and allowed them -- I just think
14 that we should consider that, as a Committee and as a
15 Board.

16 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: It's
17 something that we can consider, but when you think about
18 it, the competitive grant should be open to everyone. I
19 guess we can make those criteria.

20 COMMITTEE MEMBER MULÉ: But then you base it on
21 the criteria. One of the criteria is the fact that they
22 have already spent all their money. I think that we
23 should consider that.

24 GRANTS & CERTIFICATION SECTION I SUPERVISOR
25 CORNWALL: But that was one of the kind of things we were

1 looking at in terms of if we were going to go forward with
2 it. Let me add that one of the other caveats on that is
3 just because they've spent all their money doesn't mean
4 they've spent it well. In one case, for example --

5 COMMITTEE MEMBER MULÉ: Well, but then that's up
6 to you then to tell us, based on your evaluation of
7 their -- I mean, so then we make that decision whether or
8 not we award the grant, but again I think we should
9 allow -- we should have the opportunity for them to apply
10 and then based on your evaluation and your recommendation
11 to us, then we decide whether or not to award that money.

12 GRANTS & CERTIFICATION SECTION I SUPERVISOR
13 CORNWALL: One of the things we are sorting looking at in
14 terms of the technical assistance we provide to the
15 grantees is the grantees that have current open grants,
16 you could consider there are opportunities there for them
17 to spend that money. That's the majority of grantees, so
18 we are going to be working with them to do -- when they
19 have additional money to make infrastructure investments
20 and do things that don't lock them into long-term
21 expenditures, but the one-time thing to get them set up
22 for the future.

23 CHAIRPERSON MARIN: You know, and I think that's
24 exactly the point. These opportunity grants were the one
25 time, and if jurisdictions thought that maybe, you know,

1 every year we are going to have this, that, you know, we
2 need to wean them out of that thought. The other thing is
3 that this was always a maybe. Maybe it will be funded.

4 COMMITTEE MEMBER MULÉ: Right.

5 CHAIRPERSON MARIN: You know, if it was a
6 competitive, there was absolutely no guarantee as opposed
7 to the block grant.

8 My concern is that, as you have said, all of these
9 people who have actually spent -- who haven't even
10 actually spent their guaranteed money, then we do a
11 competitive grant. They are going to go out there and
12 spend their money, as unwisely as it might be, because
13 they want to also get more money.

14 COMMITTEE MEMBER MULÉ: I don't think they could
15 spend it that quickly, if they haven't already.

16 CHAIRPERSON MARIN: Right. But it's only 13
17 percent. There is no entitlement.

18 COMMITTEE MEMBER MULÉ: I hear what you are
19 saying, and trust me, I know having worked in other states
20 with grant dollars, you know, it was made clear to the
21 grantees that they were never to be counted on for ongoing
22 operations. I mean, I understand all that.

23 I was just suggesting that it might be possible
24 not to penalize those jurisdictions that have already, you
25 know, they've already spent their money. They are doing

1 good things. They are keeping the oil out of the waste
2 stream, which is our goal, and they are maximizing
3 recycling of oil which is, again, that is part of what we
4 are mandated to do.

5 CHAIRPERSON MARIN: Well, let me offer this
6 because I appreciate what you are saying and I feel -- I
7 feel that this was always an opportunity grant, and I
8 think we cannot deviate from that. This was not a
9 guarantee. This is a maybe. I don't see it as a
10 punishment, because they should have never have counted it
11 to begin with, number one.

12 COMMITTEE MEMBER MULÉ: I agree with you.

13 CHAIRPERSON MARIN: Okay. But number two, there
14 is always an opportunity for concepts, and maybe this
15 actually -- maybe this actually turns out to be better
16 than we are all anticipating here. Because when we go to
17 reallocation that sometimes we know for a fact that there
18 is monies that have been unspent and then we have this
19 extra amount of money, that then at that time those
20 jurisdictions that would have applied for an opportunity
21 grant that applied for something like this.

22 COMMITTEE MEMBER MULÉ: Right.

23 And what is our time line on that?

24 CHAIRPERSON MARIN: I don't know.

25 Jim? How would that -- would that --

1 DEPUTY DIRECTOR LEE: There is no equivalent to
2 the reallocation process for the used oil program. It's
3 continuously appropriated, and that opportunity does not
4 present itself.

5 CHAIRPERSON MARIN: Can we think about? And I
6 don't know to -- I don't want an answer right now. Can we
7 think about a different venue that not necessarily would
8 be an opportunity grant, but for those jurisdictions that
9 come up with something new and innovative and exciting
10 regarding used oil.

11 DEPUTY DIRECTOR LEE: Well, that's exactly what
12 the opportunity grant is designed for, and in fact staff
13 has argued the need to preserve an opportunity grant, if
14 possible. We only make a recommendation because of our
15 funding situation.

16 CHAIRPERSON MARIN: Right.

17 DEPUTY DIRECTOR LEE: This is not a situation
18 where we are trying to, you know, penalize our grantees
19 that have been with us a long time in the program. It's
20 just an acknowledgment of the fact that the funds no
21 longer support all the activities they did in the past.

22 And from staff's perspective, the most prudent
23 thing is to roll over, you know, the largest body of
24 those, which I think you've very correctly pointed out,
25 should not be being looked at as any kind of guarantee,

1 you know, to the local jurisdictions.

2 CHAIRPERSON MARIN: Right. Well, I'm trying to be
3 creative here, and I cannot be creative from the dais.

4 Thank you, Mr. Block.

5 ACTING CHIEF COUNSEL BLOCK: Just -- you sort of
6 mentioned it before. We do have some statutory
7 provisions. There are some percentages that are in the
8 statute, and so all I wanted to say is before we got too
9 far down the road and started committing to things -- and
10 I didn't jump in earlier because it was a more general
11 discussion -- I think we need an opportunity to go look at
12 that statute and look at the categories and the
13 percentages. There are some implications for moving some
14 things around within priorities and some limits, and so I
15 would just be uncomfortable today in getting more
16 direction than just simply looking through it and let's
17 see what we can come back with.

18 CHAIRPERSON MARIN: Right. And that's where I was
19 going. But thank you for -- thank you for getting me
20 there sooner.

21 Let's move forward and let's have the geniuses in
22 our department come up with something different. Maybe --
23 I don't know. Go do some research and figure it out.

24 DEPUTY DIRECTOR LEE: Madam Chair, we will engage
25 in some additional discussions with Legal, again, to

1 confirm exactly the Board's options with regard to
2 opportunity grant. Again, we were advised that, again,
3 postponement was certainly within the scope of their --
4 within the purview of your authority. But beyond that, we
5 will see what else may be done here and be able to speak
6 to it at the Board meeting next week.

7 It is imperative though that we make a decision on
8 the opportunity grant this month, because staff needs time
9 to, you know, basically put together a criteria item, put
10 the applications -- NOFAs on the street, receive the
11 applications, and bring back an award item, all before
12 June 30th.

13 So anyway, we will be prepared to speak to this
14 next week.

15 CHAIRPERSON MARIN: Right. And the very last
16 comment that I will make since I was so excited about your
17 business assistance grant process and how you did it, I
18 would strongly suggest that any other grants have the same
19 kind of measurements and processes for allocation and for
20 funding as the Business Assistance Program.

21 DEPUTY DIRECTOR LEE: I appreciate the comments on
22 that, Madam Chair.

23 And like I said, unfortunately we have a lot more
24 discretion, or the Board has a lot more discretion with
25 the tire funds than they do with the used oil funds. As

1 Kristen pointed out, most of the used oil funds are
2 statutorily prescribed.

3 CHAIRPERSON MARIN: I know.

4 COMMITTEE MEMBER MULÉ: Madam Chair.

5 CHAIRPERSON MARIN: Yes.

6 COMMITTEE MEMBER MULÉ: Thank you. I thought that
7 was a very good discussion. Thank you, staff, for your
8 input as well.

9 I do just have one other thing. First of all I
10 wanted to thank you, Madam Chair. You were not at the
11 December Committee meeting, but we had quite an extensive
12 discussion, and unfortunately I didn't have a bottle of
13 TUMS for Jim available. And I think he needed it by the
14 end of that agenda item. But Jim, I want to thank you and
15 staff for all of the work that you put into amending this
16 item. You did a great job, and it really gets us to
17 looking at the bigger picture of what we are trying to
18 accomplish and in coordinating our efforts, obviously
19 through the Office of Public Affairs as well as with our
20 other branches, so thank you for all your work.

21 I just have one minor thing on the recruit, the
22 CCCs, and I had asked some questions, you know, we want to
23 recruit -- our goal is to recruit 10 percent more, which
24 at the current level of 2600 would be 260 certified
25 centers.

1 What I was wondering is -- the idea of a toolkit
2 and sending it out to jurisdictions is okay, but I just
3 thought maybe we could also look at working with the
4 Office of Public Affairs and looking at this on a more
5 statewide basis and approaching the Kragens and the Napas
6 and the Pep Boys and those larger, you know, chain stores,
7 if you will.

8 Because again, what I found working in the
9 corporate world is if you go to corporate and you go to
10 the people at corporate and then the word gets down that
11 this is what you are going to do, whether it's in Southern
12 California or northern California, we are going to see --

13 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: That
14 is part of our process.

15 COMMITTEE MEMBER MULÉ: Pardon me?

16 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: That
17 is definitely part of our strategy is to --

18 COMMITTEE MEMBER MULÉ: But it's not listed in
19 here, but I think, again, I just want to emphasize that we
20 do work with Jon and work on the corporate level because
21 we will get a lot more done with a lot fewer resources,
22 and we will see that success. We will reach and hopefully
23 exceed our goal of 10 percent.

24 CHAIRPERSON MARIN: I couldn't agree with you more
25 and actually have been talking to --

1 COMMITTEE MEMBER PETERSEN: I agree with that as
2 well.

3 CHAIRPERSON MARIN: -- Jon about this. Up until
4 now it's been the local jurisdiction working with the
5 local, you know --

6 COMMITTEE MEMBER MULÉ: It's like one here, we got
7 one there.

8 CHAIRPERSON MARIN: Kragen and the local -- right.

9 COMMITTEE MEMBER MULÉ: Let's work on the
10 corporate level.

11 CHAIRPERSON MARIN: It makes a lot more sense to
12 go from the top down.

13 COMMITTEE MEMBER MULÉ: Right.

14 DEPUTY DIRECTOR LEE: Ms. Mulé, just to point out
15 on this, I think we have been working with the corporate
16 offices. Like I said, you may recollect from the used oil
17 conference last year, we actually gave an award, I
18 believe, to the Kragen corporate people for their
19 participation in our program. So we've got outreach to
20 them.

21 COMMITTEE MEMBER MULÉ: I just want to make sure
22 that it's part of this project because it wasn't listed,
23 so I just want to make sure that we are doing that.

24 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: We
25 will.

1 CHAIRPERSON MARIN: But Kragen is only one. I
2 mean, we have everybody from Jiffy Lubes and --

3 COMMITTEE MEMBER MULÉ: Napa.

4 CHAIRPERSON MARIN: Napa and all the other auto
5 parts and so forth, so you guys have the point now.

6 COMMITTEE MEMBER MULÉ: Good.

7 CHAIRPERSON MARIN: Okay.

8 Is there a motion for Resolution 2006-15?

9 COMMITTEE MEMBER MULÉ: Madam Chair, I move
10 Resolution 2006-15.

11 COMMITTEE MEMBER PETERSEN: I will second that.

12 CHAIRPERSON MARIN: And he will second that.

13 Call the roll, please.

14 SECRETARY BAKULICH: Mulé?

15 COMMITTEE MEMBER MULÉ: Aye.

16 SECRETARY BAKULICH: Petersen?

17 COMMITTEE MEMBER PETERSEN: Aye.

18 SECRETARY BAKULICH: Marin?

19 CHAIRPERSON MARIN: Aye.

20 And this goes onto consent calendar as well.

21 DEPUTY DIRECTOR LEE: Excuse me, Madam Chair, I
22 appreciate the consent acknowledgment, but were we going
23 to bring this back for discussion at the full Board with
24 regards to the opportunity grant postponement?

25 CHAIRPERSON MARIN: Well, no. Let me see. Let me

1 think, because it would be a separate item. The way that
2 I'm envisioning -- it would be a separate item. I mean,
3 we agree with what you are doing. The opportunity grant
4 would be a separate discussion.

5 DEPUTY DIRECTOR LEE: Madam Chair, I will let
6 Legal chime in on this one, but again, I believe we set up
7 the option for you to give us a thumbs up or a thumbs down
8 on the opportunity grant, and I presume that you would
9 have the discretion, again, to modify -- to direct staff
10 to include criteria for an opportunity grant, you know,
11 along the lines that you discussed here today, if that's
12 your -- if that's your direction.

13 CHAIRPERSON MARIN: Mr. Block, what would be the
14 best way to deal with this particular item?

15 ACTING CHIEF COUNSEL BLOCK: It would appear to
16 me, so correct me if I'm wrong, Mr. Lee, but we have sort
17 of a two-part item here. The resolution adoption has to
18 do with the allocations and the like, and then we also
19 have the separate issue of essentially direction or giving
20 staff the okay.

21 It came forward today as a postponement of the
22 opportunity grants, and so the discussion that's gone on
23 today is to see if we can come back with some other way to
24 provide something, and I think that Jim mentioned -- the
25 problem is that we need to decide whether we want to get

1 that rolling this month.

2 DEPUTY DIRECTOR LEE: It needs to be made this
3 month so that we have time, and if you want an opportunity
4 grant or some equivalent so we have time to, you know, get
5 that on the street before the expiration of the funds. So
6 we do need to get clarification from the Board, again, if
7 they want a competitive grant using this year's funding
8 allocation this month.

9 USED OIL RECYCLING ANALYSIS SUPERVISOR YEE: Can I
10 point something out in the agenda item? This is what
11 staff is recommending is your Option 1 which is to approve
12 the allocation postponement competitive grant and adopt a
13 resolution. But Option 2 of the agenda item is to approve
14 the allocation item, not postpone the competitive grant,
15 and adopt resolution.

16 ACTING CHIEF COUNSEL BLOCK: Where I was going
17 with that was I think within this item you have -- the
18 Board has some ability to provide the direction
19 potentially that we are talking about. Next week, if we
20 can pull something together by that time and --

21 CHAIRPERSON MARIN: Let me just go back. My
22 preference will be to just deal with it right now the way
23 that you have presented on Option 1. Okay? That would be
24 my preference.

25 Should there be -- not a desire, but what if you

1 come back and there is no way. You know, I guess in one
2 week -- can you do it in one week? Can we put together
3 this whole criteria in one week? I don't think so. You
4 see what I'm saying?

5 I would much rather adopt this and if by next
6 month you come up with there is a way -- we can do it.
7 You can come up with X amount of money and this would be
8 the criteria. It would be a quasi opportunity grant, but
9 the criteria is limited, then we'll deal with it next
10 month. You see what I'm saying? Would there be enough
11 time to do that?

12 EXECUTIVE DIRECTOR LEARY: I think what I heard
13 Jim suggesting was you put it on consent as you -- well,
14 you can take a 3-0 vote with the recommendation of the
15 full Board. Don't put it on consent. We take the benefit
16 of the two days remaining in this week to seek further
17 direction in the context of this item for the opportunity
18 grant for next month. You could have an opportunity then.
19 We have an opportunity to do two days of brainstorming to
20 bring back to you something we can share in the context of
21 a noticed agenda item. Otherwise, if you put this on
22 consent to approve it, we've no context to interact with
23 you. Nothing has been noticed next Tuesday. So in the
24 interest of moving this along aggressively, we could take
25 advantage of the two days remaining this week, two and a

1 half days, come to you Tuesday with at least some
2 preliminary brainstorming within the context of this item.
3 All I'm suggesting as an alternative is not to put it on
4 consent.

5 CHAIRPERSON MARIN: Okay.

6 EXECUTIVE DIRECTOR LEARY: You indicated the
7 Committee preference, but let's have an opportunity to
8 resurrect this item in the Board meeting next week and
9 talk some more about how this dynamic may play out so that
10 when we come back in March, we've got something a little
11 better baked.

12 CHAIRPERSON MARIN: If, in fact, we would have --
13 if we decide to go that route.

14 EXECUTIVE DIRECTOR LEARY: Exactly.

15 CHAIRPERSON MARIN: Okay.

16 DEPUTY DIRECTOR LEE: Thank you, Madam Chair.

17 CHAIRPERSON MARIN: You guys are -- you guys are
18 the ones that know what you need us to do.

19 So take it out of consent. No consent item for
20 this one.

21 All right. But I hope you guys have enough to
22 guide you with. Okay.

23 Any further comments? Anybody else want to say
24 anything to our Board? Not what you are any thinking.

25 Okay. Without further, then we will see you at

1 the Board meeting. Thank you so very much, everybody, and
2 happy New Year again.

3 (Thereupon the California Integrated Waste
4 Management Board, Special Waste Committee
5 meeting adjourned at 12:18 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, KATHRYN S. KENYON, a Certified Shorthand Reporter
3 of the State of California, do hereby certify:

4 That I am a disinterested person herein; that the
5 foregoing California Integrated Waste Management Board,
6 Special Waste Committee meeting was reported in shorthand
7 by me, Kathryn S. Kenyon, a Certified Shorthand Reporter
8 of the State of California, and thereafter transcribed
9 into typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said workshop nor in
12 any way interested in the outcome of said workshop.

13 IN WITNESS WHEREOF, I have hereunto set my hand this
14 22nd day of January, 2006.

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